Initiation of Coverage

May 12, 2025

Alliance Resource Partners, L.P. (ARLP)

Diversified Natural Resources Play with a Dominant Position in U.S. Coal Production and a Growing Royalty Platform

- **ARLP is a resilient, profitable, and diversified natural resource company.** As the second-largest coal producer in the Eastern U.S., ARLP operates a vertically integrated portfolio of low-cost mining complexes in the Illinois Basin and Appalachia. In addition to supplying thermal coal under long-term utility contracts, the company holds royalty interests in oil & gas acreage across key basins, notably the Permian, Anadarko, and Williston. It also maintains a foothold in adjacent energy technologies and digital infrastructure through investments in Bitcoin mining, high-efficiency motor development, and EV-related platforms. This integrated model, underpinned by a disciplined capital allocation approach, positions ARLP as a cash-generative and resilient natural resource platform with multi-cycle durability.
- **Vertically integrated operations and long contract-book make coal operations highly profitable.** Unlike many peers that rely on third-party terminals and logistics, ARLP owns and operates its prep plants, barge terminals, and loadouts, offering supply chain visibility and enhancing customer reliability. This integration allows ARLP to offer tailored coal blends and flexible delivery options, improving its competitive positioning in a contracting domestic market. The company also benefits from a multi-year, contract-backed sales book, with over 96% of expected 2025 volumes already committed. This structure shields earnings from spot price volatility and supports robust segment-level adjusted EBITDA margin of 32.6%, even amid rising input costs.
- **Rapidly expanding royalty platform boosts margins.** ARLP has allocated over $135 million since 2023 toward building a mineral royalty portfolio now spanning more than 70,000 net royalty acres. Approximately 53% of this exposure is in the Permian Basin, where leading E&Ps like ExxonMobil, Diamondback Energy, and Occidental are actively developing acreage. As of 4Q24, 24% of ARLP's in-process wells were operated by Exxon alone, providing both development visibility and production quality assurance. With thousands of undeveloped locations and drilled-but-uncompleted wells across its holdings, ARLP has meaningful embedded volume optionality without committing operating capital.
- **Fundamentals are strong with robust free cash generation, MLP structure, and conservative balance sheet supporting both capital returns and self-funded growth initiatives.** As an MLP, ARLP offers tax-advantaged, pass-through income to its unitholders, with most cash distributions treated as non-taxable return of capital. With $383 million in free cash flow in 2024 and net leverage ~0.6x as of 1Q25, ARLP has ample financial flexibility to fund distributions, repay debt, and pursue targeted reinvestments. Resumption of operating income growth in 2025 and 2026 (per Street estimates sourced from TIKR), coupled with cost controls and infrastructure-led productivity gains, will drive margin expansion.
- **Reasonably valued.** While we do not have a price target or stock recommendation on the stock, our analysis shows that ARLP – with strong FCF generation, stable distribution yield, domestic focus, and policy tailwinds – is trading at a discount to its own historical multiples and peer average.

VALUATION	
Current Price	$24.97
52 Week Range	$22.08–30.56
Market Cap ($-Mn)	3,206.85
Ent. Value ($-Mn)	3,628.01
Shares Out. (Mn)	128.26
Float	70.1%
Avg. 3-Month Volume	0.43Mn
EV/EBITDA (FY25E)	5.22x
P/E (FY25E)	9.56x

Source: TIKR

FUNDAMENTALS	
Revenue (FY24)	$2,449Mn
Revenue (FY25E)	$2,320Mn
Revenue (FY26E)	$ 2,286Mn
EPS (FY24)	$2.77
EPS (FY25E)	$2.61
EPS (FY26E)	$2.66
Cash and cash equivalents	$81.3Mn

Source: Street Estimates from TIKR

STOCK PRICE PERFORMANCE

Source: TIKR

CONTACT

Exec Edge Research
research@executives-edge.com

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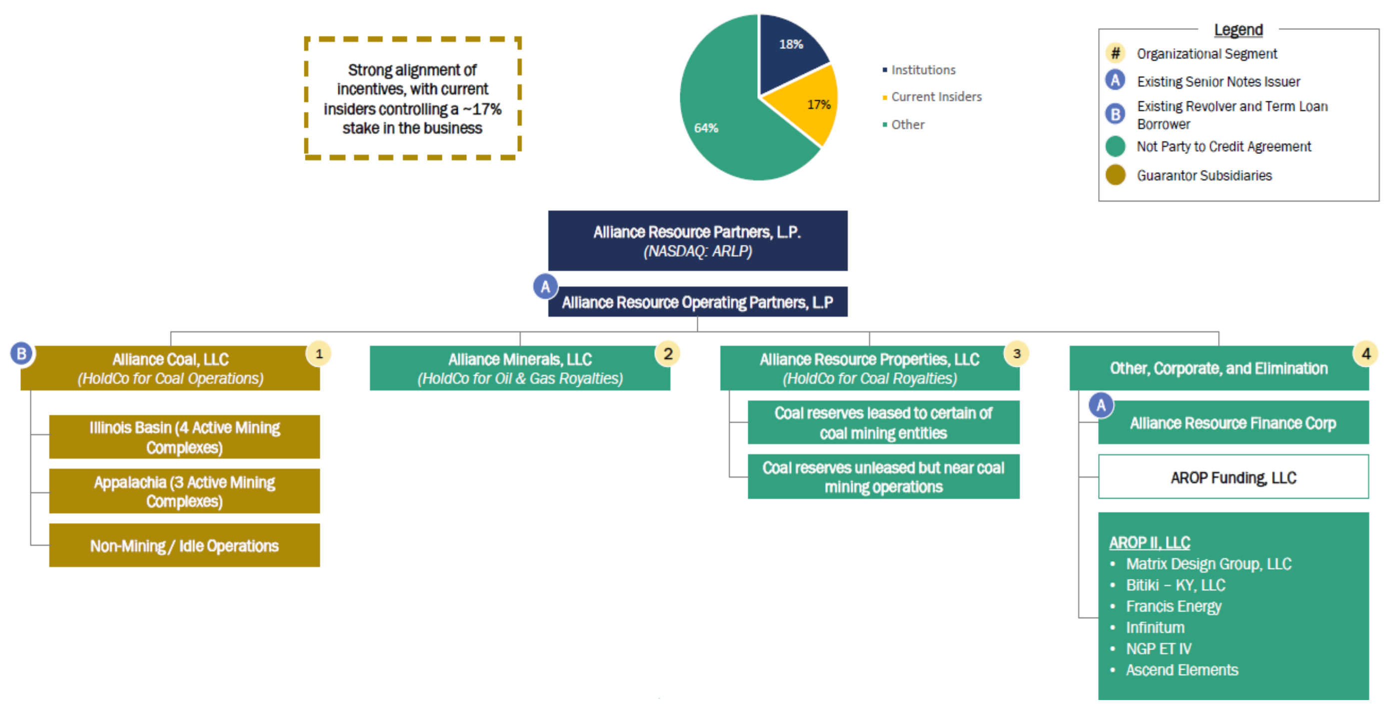
Company Overview

ARLP – A Well-Diversified and Vertically Integrated Natural Resource Company

- **Alliance Resource Partners, L.P. (ARLP) is a diversified natural resource company engaged in coal production, mineral and royalty interests, and complementary infrastructure operations**. Headquartered in Tulsa, Oklahoma, ARLP operates as a master limited partnership listed on the NASDAQ under the ticker symbol ARLP. The partnership's primary business is the production and marketing of coal to major U.S. utilities and industrial customers, primarily for electricity generation. ARLP is also engaged in the ownership of oil and gas mineral and royalty interests and operates related transportation and support businesses. As of December 31, 2024, ARLP had approximately 128 million common units outstanding and generated $2.4 billion in total revenues for 2024. Structurally, ARLP conducts its business through a network of wholly owned subsidiaries, including Alliance Coal, LLC (coal operations), Alliance Minerals, LLC (oil & gas royalties), and various entities focused on infrastructure, digital assets, safety and productivity technologies that support the mining and industrial sectors. This multi-segment approach allows the partnership to generate revenues from both resource extraction and income sources like royalties. The company's organizational model reflects an emphasis on long-lived asset ownership, with a focus on stable, cash-generative operations.

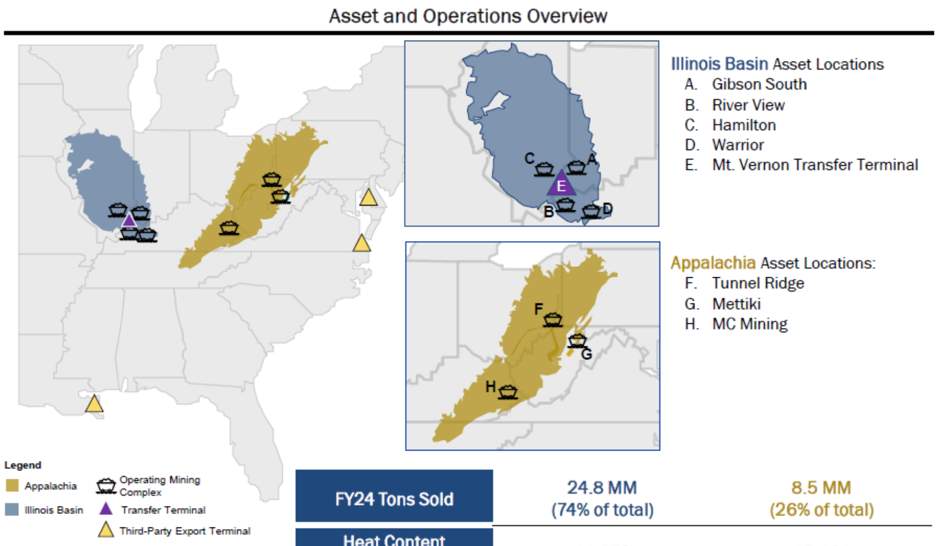
Chart 1: Organization Structure of ARLP as of December 2024



Source: Exec Edge Research, Company Filings

- **ARLP's coal segment is the largest contributor to its revenues and is supported by a vertically integrated operational model.** Coal production is ARLP's core business, with the partnership owning and operating seven underground mining complexes across the Illinois Basin and Appalachia. In 2024, ARLP sold 33.3 million tons of coal, which translated into $2.1 billion in sales or 86.2% of the company's consolidated revenue. The company's Illinois Basin operations, which contributed 74% of total sales include River View, Gibson South, Warrior and Hamilton mines. Its Appalachian operations, that contributed the remaining 26% of the coal sales, include Tunnel Ridge, MC Mining and Mettiki. ARLP owns and operates its own preparation plants and river terminals. Coal is sold primarily under long-term, fixed-price contracts to U.S. utility customers, with some sales into the export market. These contracts provide predictability of cash flow and reduce exposure to spot market volatility. The partnership's coal production includes a mix of high-, medium-, and low-sulfur bituminous coal, used primarily for power generation.

Chart 2: ARLP is the Second-Largest Coal Producer in Eastern United States



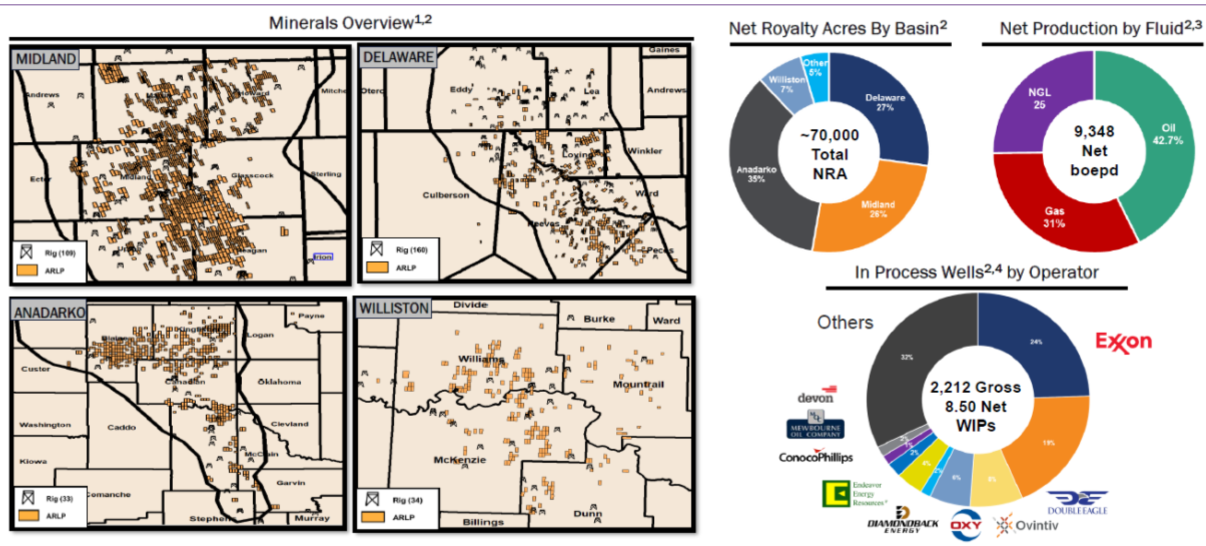
	Illinois Basin	Appalachia
FY24 Tons Sold	24.8 MM (74% of total)	8.5 MM (26% of total)
Heat Content (Btus per pound)[1]	11,570	12,621
Reserves and Resources (million)[2]	1,487.4	216.9

Key Strengths

- Contracted with long-term, high-quality customers
- Low-cost operations that generate strong FCF through-the-cycle
- Strategically located to serve both domestic and export markets
- Well-positioned to serve growing U.S. electricity demand
- Strong growth from MENA and Asia provides optionality

Source: Exec Edge Research, ARLP Investor Presentation

Chart 3: High-Quality O&G Mineral Acreage Portfolio in Permian Basin



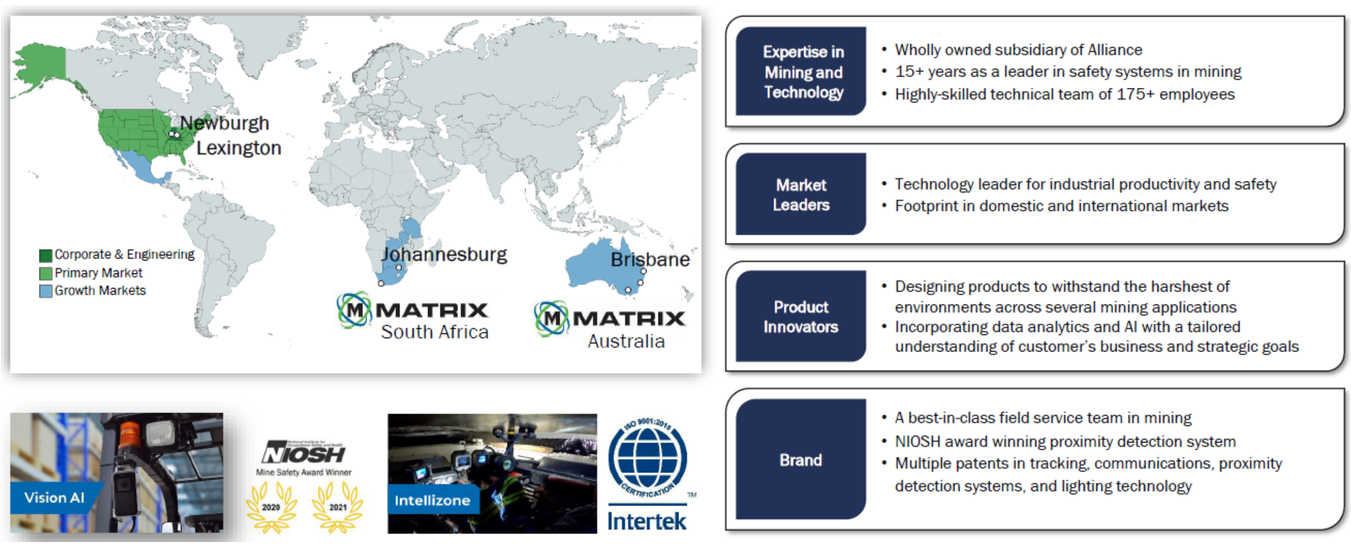
Source: Exec Edge Research, ARLP Investor Presentation, Enverus. 1: Active Rigs as of 31-Jan-2025, 2: Based on ARLP and ADIII royalties' position as of 31-Dec-2024. 3: Production based on Q4 2024 daily average for ARLP and ADIII. 4: In Process Wells include active permits + recent drilling or DUC wells as of 31-Dec-2024.

- **The partnership has expanded into oil & gas royalty interests, building a growing portfolio of income-generating mineral assets**. ARLP's mineral segment consists of ownership interests in oil and gas mineral rights and royalties, primarily located in the Permian, Anadarko, and Williston basins. Through acquisitions since 2019, ARLP has built a portfolio of over 70,000 net royalty acres (as of 1Q25). These assets provide the partnership with royalty income based on production volumes and commodity prices, without bearing the capital or operating costs associated with drilling or extraction. In 2024, the segment generated $138.3 million in revenue, with royalty volumes increasing y/y due to new wells brought online by third-party operators. Revenue from oil & gas royalties represented a growing portion of ARLP's overall mix, accounting for approximately 6.7% of consolidated sales in 1Q25.

Management has stated its intent to continue allocating capital toward high-quality mineral acquisitions that offer long-term yield and cash flow diversity. The royalty segment is managed by Alliance Minerals, LLC, which holds mineral ownership and interests across multiple basins.

- **ARLP has allocated capital toward strategic growth investments that support innovation across energy, technology, and industrial infrastructure**. Beyond its core coal and mineral royalty businesses, ARLP has pursued targeted investments through AROP II, a wholly owned subsidiary focused on identifying opportunities that align with the partnership's competencies in energy, industrial services, and government partnerships. These initiatives include investments in emerging technology platforms and infrastructure solutions.
  - **One such initiative is Matrix Group**, which provides advanced technology solutions such as proximity detection, collision avoidance, and data communication systems for mining and industrial applications. Matrix Design, a subsidiary, has partnered with Infinitum to jointly develop high-efficiency electric motors tailored for mining environments, with plans to deploy and market these innovations globally.
  - **ARLP also operates Bitiki**, a crypto-mining and hosting venture that monetizes underutilized electricity; as of 1Q25, it operated over 3,500 miners and held 513 bitcoin valued at $42.0 million.
  - **In addition, ARLP has invested in Ascend**, a recycler of EV battery materials; **Francis**, a developer and operator of EV charging infrastructure; and **NGP Energy Transition IV**, a fund targeting lower-carbon economy investments. These diversified holdings reflect a deliberate effort to position the partnership in adjacent sectors with long-term growth potential and evolving energy dynamics.

Chart 4: Snapshot of Matrix Business



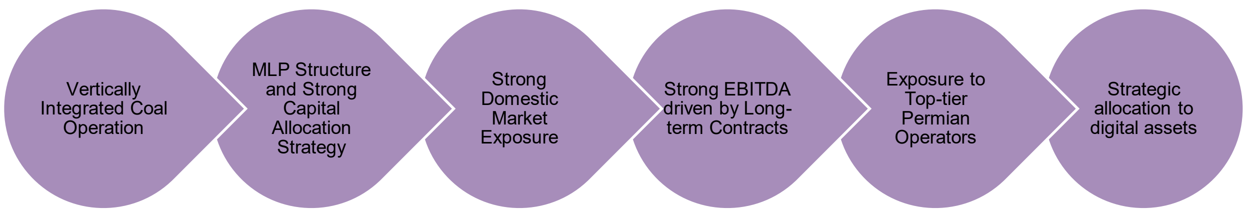
Source: Exec Edge Research, ARLP Investor Presentation

Right-to-Win

Several Moat Elements Give ARLP the Right-to-Win in The Energy Market

- **We believe that ARLP's business model has multiple moat elements that come together to make it a resilient player in the diversified energy sector**. Our analysis shows that ARLP is positioned to benefit from strong electricity demand in the U.S., and the government's push to revive the coal sector, due to several moat elements of its business model, that include: 1) vertically integrated coal operations, 2) MLP structure and proven capital allocation strategy, 3) strong domestic market exposure, 4) strong segment adjusted EBITDA driven by long contract-book, 5) exposure to top-tier Permian operators, and 6) asymmetric growth opportunity due to strategic allocation to digital assets. We discuss each of these differentiators in detail below.

Chart 5: Multi-dimensional Moat Elements for ARLP



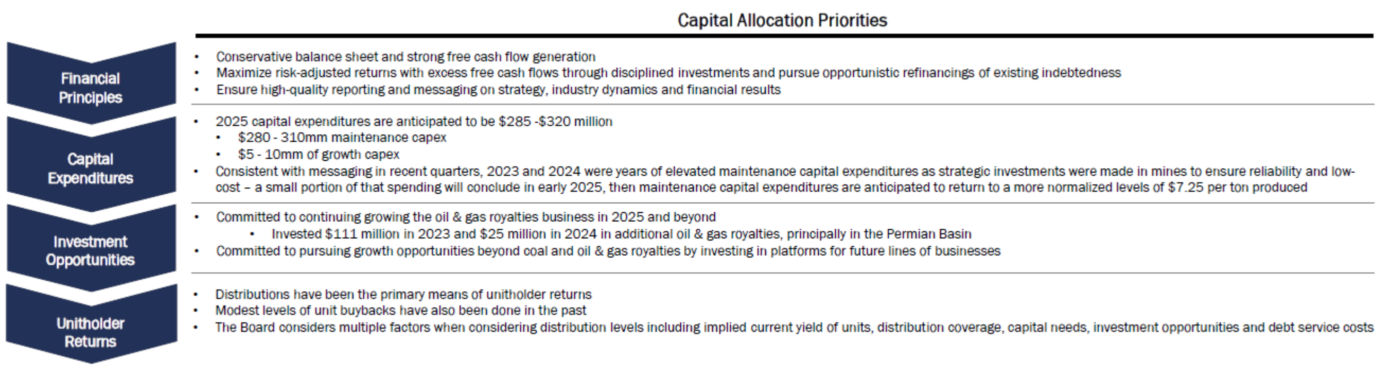
Source: Exec Edge Research

- **ARLP's ability to control end-to-end aspects of the coal supply chain—from mining to delivery—differentiates its business model from more asset-light operators in the industry**. ARLP has built a vertically integrated coal platform that extends across the full value chain—from resource ownership and mining to processing, logistics, and sales. In our view, this structural integration is one of ARLP's most defensible competitive advantages, enabling superior cost control, supply chain reliability, and commercial agility. Unlike many competitors who rely on third-party infrastructure for transportation, blending, or prep plant access, ARLP owns assets across the coal value chain. This includes strategically located infrastructure such as prep plants, rail loadouts, and ARLP-operated river terminals like Mt. Vernon, which enable barge and rail delivery from key Illinois Basin and Appalachian operations to domestic and export markets. This integration makes it easy for customers to arrange and control transportation and is particularly valuable in periods of margin pressure or logistical disruption. During 2024, the company continued to make capital investments in material handling and mine infrastructure, which position it for cost improvements in 2025 and beyond.
  - **The integrated model enhances customer service, allowing ARLP to offer flexible delivery methods and customized coal blends, improving contract competitiveness**. In a market where reliability and consistency matter as much as price, this level of control over the coal supply chain is a differentiator. Over time, this vertical integration will allow ARLP to maintain a leadership position in the domestic thermal coal market, even as industry capacity rationalizes. It's a moat few others in the space are equipped to build.
- **ARLP's MLP structure and capital discipline provide structural advantages that consistently translate into high-yield, tax-efficient returns for investors**. ARLP stands out in the energy sector through its Master Limited Partnership (MLP) structure, which offers material tax and yield advantages to unitholders. As a pass-through entity, ARLP pays no federal income tax at the partnership level—avoiding the double taxation that corporations face—and instead allocates profits (or losses) directly to investors via annual K-1 forms. Importantly, the majority of cash distributions are treated as non-taxable return of capital, which reduces the investor's tax basis and defers tax obligations until units are sold. This structure materially enhances after-tax yield for income-oriented investors and enables ARLP to efficiently return capital through distributions rather than dividends.
  - **Critically, ARLP combines this tax-advantaged structure with disciplined capital allocation and a conservative balance sheet**. The company has historically prioritized maintenance capex and debt reduction

while opportunistically reinvesting in high-return projects, such as its royalty portfolio. In 2025, ARLP plans $285–$320 million in capex, with only $5–$10 million allocated to growth, signaling a deliberate pivot from recent infrastructure-heavy years to normalized capital intensity. This enables strong free cash flow conversion, which directly supports ARLP's steady and attractive cash distributions.

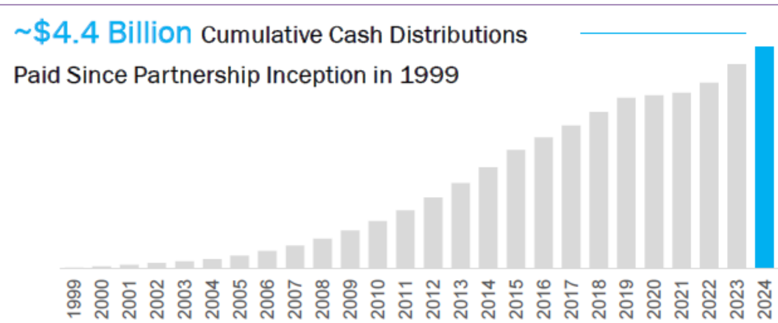
– **Distributions remain the core mechanism of shareholder return, with unit repurchases deployed selectively**. The Board's framework for setting payouts—factoring in debt service, coverage ratios, and capital opportunities—ensures that yields are sustainable and aligned with long-term value creation. For investors seeking predictable, tax-efficient income with strong coverage and downside protection, ARLP's MLP structure and capital discipline create a durable return engine that few peers in the sector can match.

Chart 6: Disciplined Capital Allocation Strategy …



Source: Exec Edge Research, ARLP Investor Presentation

Chart 7: … has Delivered Strong Cash Distributions Consistently Over years

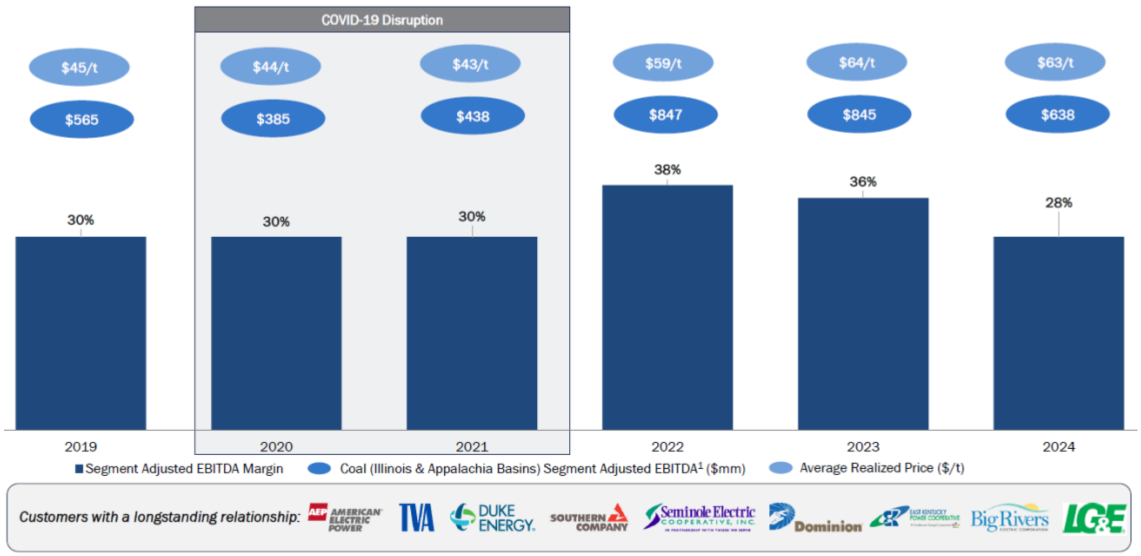


Source: Exec Edge Research, ARLP Investor Presentation

- **ARLP's strong domestic market exposure insulates it from geopolitical and trade-related volatility, offering investors a more stable earnings profile**. In an increasingly unpredictable global trade environment, ARLP's deep integration into the U.S. domestic energy market offers a significant moat. As of FY24, the vast majority of ARLP's coal sales were to domestic utility customers under multi-year, fixed-price contracts, minimizing exposure to international trade flows and insulating the business from disruptions like export tariffs, shipping delays, or foreign policy shocks. For 2025, only 9.6% of its committed and priced coal sales are for exports. This is particularly relevant in the current environment, where escalating trade tensions—such as retaliatory tariffs from China and Canada—are introducing new risks for energy exporters. Unlike peers that rely heavily on seaborne exports, ARLP's coal is primarily consumed by U.S. power plants with existing logistical access, enabling consistent revenue realization regardless of global price fluctuations. Similarly, its royalty business—concentrated in the Permian and Anadarko basins—is tied to U.S. oil and gas production, which continues to expand to meet domestic infrastructure and industrial needs. This domestic-first footprint provides a layer of resilience that enhances visibility into future cash flows and shields ARLP from exogenous shocks in international energy and trade markets.
- **ARLP's high adjusted EBITDA margins, anchored by a well-contracted coal portfolio, provides stability and downside protection through market cycles**. One of ARLP's most defensible competitive advantages is its ability to consistently deliver strong adjusted EBITDA margins, supported by a multi-year, contract-backed coal sales book.

In 1Q25, ARLP reported $180.5 million in segment adjusted EBITDA on $540.5 million in total revenue, resulting in a 33.4% margin, even amidst declining volumes and inflationary pressures. This performance is underpinned by the company's disciplined contracting strategy, which prioritizes long-term, fixed-price agreements with domestic utility customers—limiting exposure to spot market volatility. As of 4/28/25, ARLP had 96% of 2025 sales tonnage, and 61% of 2026 sales tonnage contracted. These multi-year commitments provide predictable cash flow and allow the company to optimize production planning and cost control across its mining complexes. Critically, ARLP has complemented this margin base with prudent capital allocation and low leverage (net debt to EBITDA below 0.6x), further reinforcing free cash flow generation and distribution coverage. In a volatile commodity environment, margin consistency becomes a moat—allowing ARLP to fund infrastructure upgrades, support unitholder returns and maintain financial flexibility without sacrificing operating integrity.

Chart 8: The Long-term Coal Contract-book Underpin Coal Operations Segment Adjusted EBITDA Margins



Source: Exec Edge Research, ARLP Investor Presentation

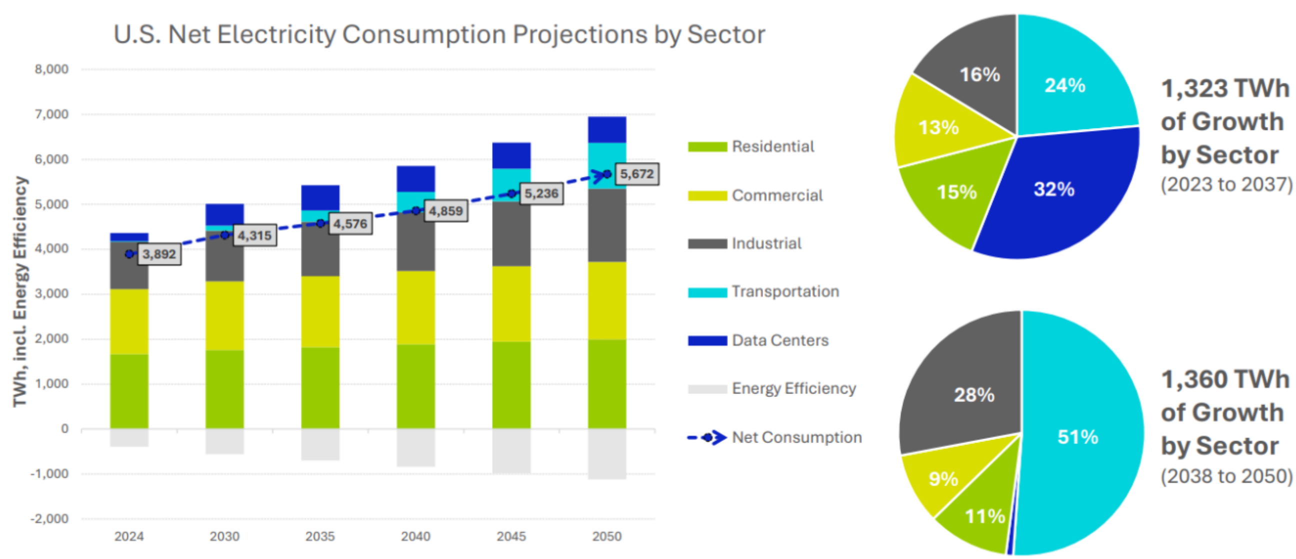
- **ARLP's royalty portfolio benefits from alignment with top-tier Permian operators, ensuring high-quality development and long-term cash flow scalability**. A key structural advantage of ARLP's oil & gas royalty segment is its exposure to leading operators in the Permian Basin. As of year-end 2024, the company had 2,212 Gross and 8.50 Net in-process wells (WIPs), and 24% of WIPs across ARLP's acreage were operated by ExxonMobil, followed by 19% by Double Eagle, 8% by Ovintiv, and 6% by Occidental Petroleum. Additional development is being driven by leading E&P names such as Diamondback Energy and ConocoPhillips, all of which bring scale, technical expertise, and consistent capital deployment to the basin. This caliber of operator not only enhances the likelihood of near-term development but also supports strong well productivity and full-cycle economics, which directly translate into higher royalty income for ARLP. Importantly, the company estimates it has meaningful running room across its Permian acreage. It had 2,832 MBOE of net proved undeveloped reserves as of December 31, 2024 across crude oil, natural gas, and natural gas liquids. This visibility gives ARLP a multi-year line of sight into future cash flows, all without requiring operating capital or taking on exploration risk. We view this alignment with high-quality operators as a key moat that elevates the predictability, durability, and upside potential of ARLP's royalty business.
- **ARLP's strategic allocation to digital assets presents asymmetric upside potential.** ARLP has taken a differentiated approach in capital allocation by investing in digital assets, particularly Bitcoin, as a balance sheet asset. As of 1Q25, the company held approximately 513 Bitcoins valued at $42 million. While still modest in relation to total assets, this move signals ARLP's willingness to explore non-traditional value preservation strategies amid inflationary concerns. The company mines bitcoins and also acquires them through surplus free cash flow and holds Bitcoin as a digital store of value. This initiative is complementary to the firm's broader capital stewardship philosophy—emphasizing diversification, value preservation, and optionality. This places ARLP in rare company among publicly listed resource firms (MSTR, TSLA, among others) engaging with digital assets, albeit conservatively. The decision reflects both confidence in the core business's cash generation capacity and a willingness to explore asymmetric upside scenarios.

Industry Opportunity and Company Positioning

AI, Data Centers, EVs, and Onshoring Driving Demand Higher – ARLP a Beneficiary

- **Surging electricity demand in the U.S. is creating long-term tailwinds for reliable energy suppliers and infrastructure enablers**. U.S. electricity consumption is forecast to grow by 50% through 2050, with demand rising 2% annually, driven primarily by the rapid expansion of data centers and transportation electrification, according to the National Electrical Manufacturers Association (NEMA). The study by NEMA anticipates a 300% increase in data center energy use over the next decade, alongside a staggering 9,000% increase in e-mobility (EV) power consumption by 2050. While gains in energy efficiency will offset some demand growth, grid-wide consumption levels are still expected to climb significantly across most U.S. regions. The Mid-Atlantic and Texas are projected to see the sharpest rise in data center power needs by 2035, while EV-related electricity demand is set to surge in the Northeast and West between 2035 and 2050. In response, policymakers are calling for comprehensive reforms to siting, permitting, and grid modernization. As electricity becomes the backbone of digital and transportation infrastructure, this demand trajectory highlights the growing importance of scalable, reliable energy sources—including coal-fired base-load generation and natural gas—particularly in grid-constrained areas.

Chart 9: Data Centers and Transportation To be Key Demand Drivers Over the Next couple of Decades



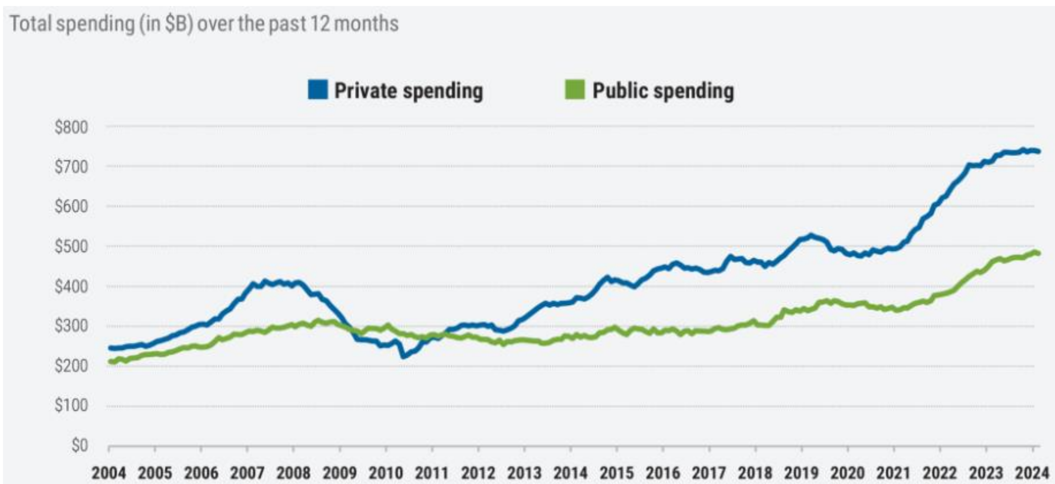
Source: Exec Edge Research, National Electrical Manufacturers Association, PA Consulting

- **The AI revolution is driving an unprecedented surge in data center electricity demand, positioning energy availability as a key enabler of digital infrastructure.** The rapid acceleration of artificial intelligence (AI) has fueled a boom in data center development, with global electricity consumption from data centers reaching 415 TWh in 2024, accounting for 1.5% of global electricity use. According to the IEA, data center demand is projected to more than double to 945 TWh by 2030, surpassing Japan's current national electricity consumption. AI is the dominant force behind this growth, as training and running large-scale models requires immense computational power. A single AI-focused data center can consume the same electricity as 100,000 homes, and the largest upcoming facilities may use 20 times that amount. The U.S. leads this transformation, representing 45% of global data center power consumption, with nearly half of its data center capacity concentrated in five clusters. For energy suppliers and infrastructure operators, this trend represents a long-term, regionally concentrated growth opportunity.
- **Further, the accelerating adoption of electric vehicles is set to become a major driver of U.S. electricity demand growth over the next decade**. According to the IEA, electricity consumption from EVs globally is expected to surge from 130 TWh in 2023 to between 2,200–2,700 TWh by 2035, depending on policy scenarios. In the U.S., where electric cars account for over 95% of EV electricity demand, the load impact is expected to be particularly pronounced due to longer driving distances and rising adoption across both passenger and commercial fleets. By 2035, EVs could account for 6–8% of total electricity demand, up from just 0.5% in 2023. The Advanced Policy

Scenario (APS) projects higher electrification rates in high-mileage regions like the U.S., especially as electric trucks and buses gain traction. Although EVs are more energy-efficient than internal combustion engines, their rapid scale-up will significantly influence grid planning, capacity investment, and electricity supply chains—reinforcing the long-term importance of scalable, dispatchable energy resources like those ARLP helps provide.

- **In addition to the above tailwinds, the onshoring wave and resurgence in U.S. industrial investment are setting the stage for a sustained rise in electricity demand**. Recent years have seen a marked increase in capital expenditures on fixed infrastructure, reversing a two-decade trend of volatility driven by the global financial crisis and the COVID-19 pandemic. This renewed investment cycle—visible in both private and public nonresidential construction—is closely tied to the reshoring of manufacturing and supply chains back to the U.S. Industrial and commercial facilities together account for roughly two-thirds of U.S. electricity consumption, making this trend a powerful long-term demand driver. Importantly, electricity usage often trails construction activity by 1–3 years, meaning much of the power demand associated with this post-COVID capex surge is still to come. Even a modest 3% annual growth in industrial and commercial energy demand could equate to 10,000 MW of new power load per year. This creates a significant opportunity for energy suppliers positioned to serve high-load, production-heavy regions.

Chart 10: Non-residential Construction Spending in the U.S. Has Accelerated post-COVID



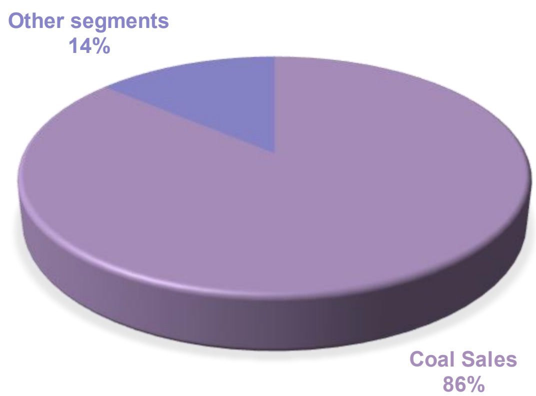
Source: Exec Edge Research, Boston Partners, Federal Reserve Bank of St. Louis, as of December 1, 2024

- **Federal action to revive coal power signals a shift in energy policy aimed at meeting the AI-driven electricity surge**. The U.S. coal mining market revenue has declined at a CAGR of 0.4% in the last five years, and stood at $30 billion in 2024, according to IBIS World. However, the U.S. continues to command 30.5% of the world's proven coal reserves at 248.9 billion Metric Tons in 2025, according to Global Fire Power. Further, in a bold policy move, U.S. President Donald Trump signed a sweeping executive order to promote the use of coal for electricity generation, positioning it as essential infrastructure to support the rapidly growing energy demands of artificial intelligence. The order includes legal challenges to state-level emissions regulations, waivers for pollution controls on coal plants, and federal support to reopen or rebuild qualifying facilities. The administration argues that modern coal plants offer a stable, dispatchable source of baseload power critical to national competitiveness in AI. With AI-focused data centers projected to consume as much electricity as entire cities, the move seeks to re-anchor coal in the U.S. energy mix and boost employment in fossil fuel-dependent regions. We think that the measures aim to secure long-term, high-reliability power for critical digital infrastructure and signals a political will to back coal as a strategic asset in the evolving energy landscape.
  - **AI-linked energy demands renew focus on coal's role as a dependable, domestic power source**. The Trump administration's directive also includes support for coal technology development, export promotion, and royalty relief, reflecting a comprehensive effort to revitalize coal as a key player in U.S. electricity generation. The order calls on the Department of Energy to protect "at-risk" coal and nuclear plants through emergency powers, citing national security concerns tied to AI-driven energy needs. **The government also pledged to shield coal investments from future political shifts, aiming to stabilize long-term project economics**. This policy push comes amid projections that the U.S. may need to more than double current electricity generation

to support AI, data centers, and electrified industries. While coal's share of U.S. electricity has fallen from over 50% in 2000 to about 15% today, the push suggests a potential policy rebalancing—one that could benefit operators like ARLP with assets in regions positioned to deliver high-load, dispatchable power.

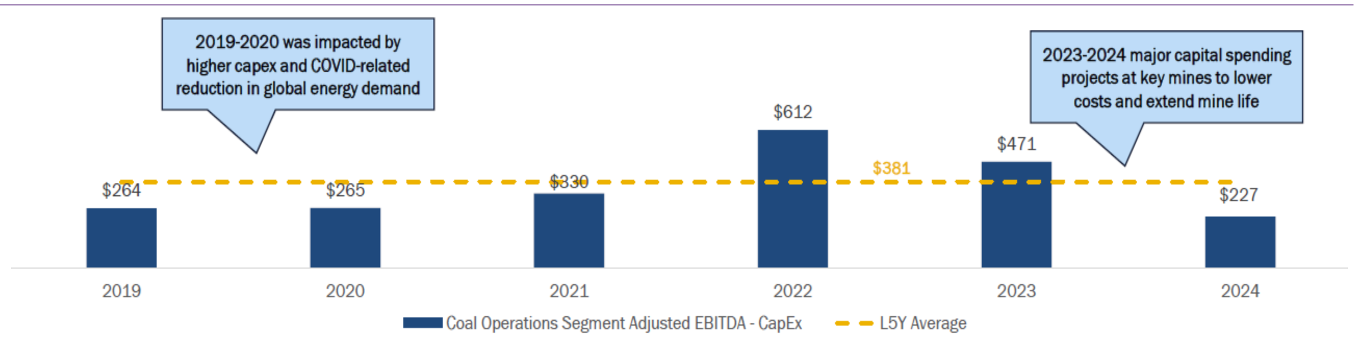
- **We believe ARLP is well-positioned to benefit from rising U.S. electricity demand and policy tailwinds supporting coal-fired generation**. With U.S. electricity consumption forecast to grow 50% by 2050, fueled by AI-driven data center expansion, electric vehicles, and onshoring of industrial activity, Alliance Resource Partners (ARLP) stands to gain from its strong presence in coal-rich regions and reliable baseload generation capabilities. The company's operations in the Illinois Basin and Appalachia, coupled with owned infrastructure and long-term coal contracts, enable it to serve power utilities seeking stable supply amid a strained grid. Nearly 86% of ARLP's 2024 revenue was derived from coal sales, underscoring its importance in the energy supply chain. Coal continues to play a critical role in ensuring grid reliability, especially as new loads—such as AI data centers—emerge faster than renewable and transmission buildouts.
  - **Recent policy shifts, including the Trump administration's executive actions to reopen or rebuild coal plants, reduce environmental compliance costs, and classify coal as a "critical mineral," further support the economics of ARLP's coal operations**. With 32.5 million tons already contracted for 2025, ARLP benefits from volume visibility, while any regulatory-driven coal demand uplift could flow through to spot market opportunities. The administration's proposed guarantees for coal investments and export expansion could enhance capital flows to the sector, opening new international markets for ARLP's product.
  - **ARLP offers a high-cash-flow business with exposure to structural energy demand growth and potential policy tailwinds**. While risks remain from long-term decarbonization trends, the company's low leverage, asset efficiency, and segment diversification position it to monetize short- and medium-term coal demand resilience amid a rapidly evolving U.S. energy landscape.

Chart 11: Coal Sales is the Key Revenue Driver for ARLP Contributing 86% to Overall Revenue in 2024



Source: Exec Edge Research, Company Filings

Chart 12: Coal Operations Segment Cash Flow Profile through the Commodity Cycle

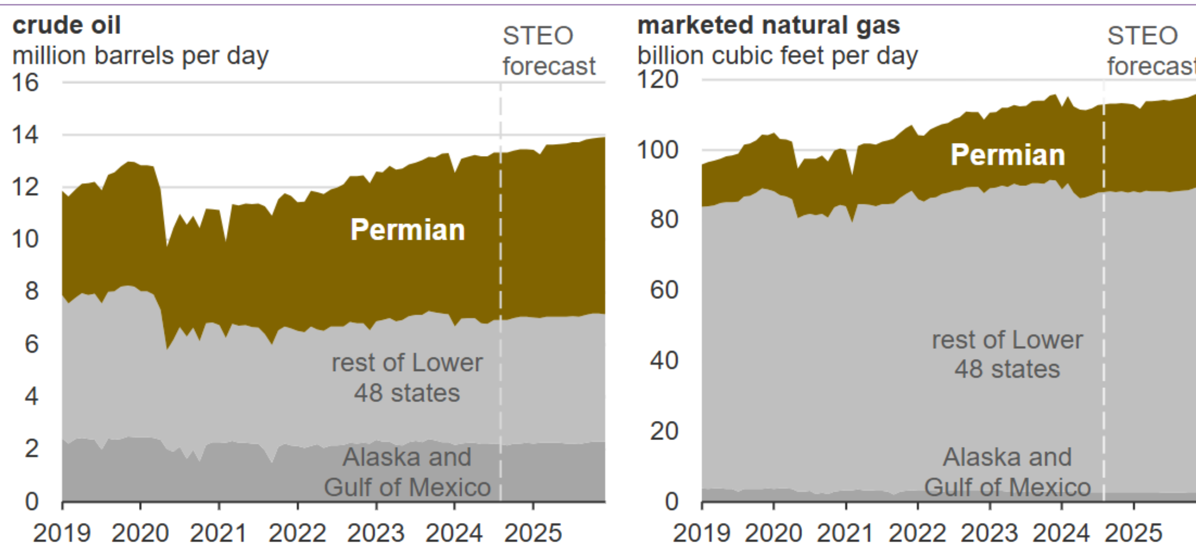


Source: Exec Edge Research, ARLP Investor Presentation.

Oil & Gas Royalty Segment Benefits from Strong Presence in the Permian Basin

- **Acquiring profitable energy assets is the key to successful royalty businesses.** In the energy industry, the geographical location of assets plays a pivotal role in determining a company's operational efficiency, cost structure, and market competitiveness. Proximity to resource-rich regions, infrastructure, and end markets can significantly influence production costs, transportation logistics, and overall profitability. In the royalty model, asset location directly impacts return potential, as mineral owners do not control drilling activity and depend on third-party operators for revenue generation. Being positioned in core-of-core acreage—areas with the lowest breakeven costs and highest rig activity—maximizes the likelihood of near-term development and long-term cash flow. Location also influences commodity price differentials, infrastructure access, and operator quality—factors that directly affect royalty volumes and realized pricing. For example, royalties in the Permian basin tend to command lower basis discounts due to extensive takeaway infrastructure, while high-tier operators reduce risk of well underperformance.
- **The Permian Basin, spanning western Texas and southeastern New Mexico, stands as a cornerstone of the U.S. oil and gas industry**. Its prolific output and strategic significance have made it a focal point for energy production, technological innovation, and infrastructure development. The Permian Basin is the largest contributor to U.S. crude oil production, accounting for nearly half of the nation's output. According to the U.S. Energy Information Administration (EIA), crude oil production in the Permian is projected to increase by 430,000 barrels per day (b/d) from 2023 to reach 6.6 million b/d in 2025. Similarly, marketed natural gas production is expected to rise by 1.9 billion cubic feet per day (Bcf/d) in 2024 and by 1.0 Bcf/d in 2025, averaging 25.8 Bcf/d in 2025.

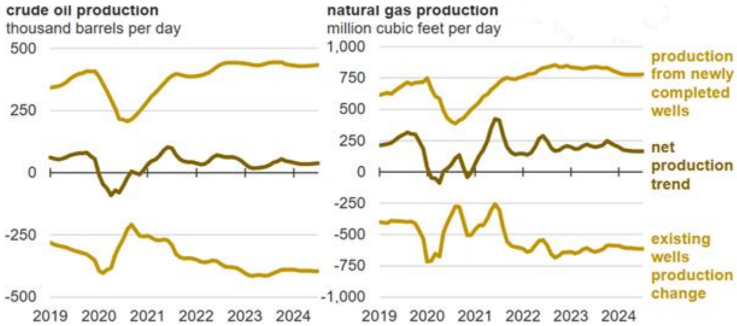
Chart 13: Monthly Production by Region (Jan 2019- Dec 2025)



Source: Exec Edge Research, U.S. Energy Information Administration, Short-Term Energy Outlook (STEO), August 2024

- **Technology advancements and infrastructure enhancement play an important role in making Permian an attractive oil and gas asset**. The production figures above are not solely a function of abundant reserves but also stem from significant technological advancements. Operators in the Permian have embraced innovations such as longer lateral well drilling, optimized well spacing, and enhanced hydraulic fracturing techniques. These methodologies have substantially boosted well productivity. For instance, as of July 2024, newly completed wells in the Permian were producing an average of 433,000 b/d in their first full month, effectively offsetting declines from existing wells. Infrastructure development has been pivotal in accommodating the Permian's production boom. Historically, rapid output growth led to transportation bottlenecks, suppressing local commodity prices. However, recent and upcoming pipeline projects are set to alleviate these constraints. Notably, the Matterhorn Express Pipeline, a 580-mile conduit with a capacity of 2.5 Bcf/d, commenced operations in 3Q24. This pipeline facilitates the movement of natural gas from the Permian to demand centers near Houston, Texas. Additionally, other projects like the Apex Pipeline (2.0 Bcf/d capacity) and the Blackcomb Pipeline (2.5 Bcf/d capacity) are slated to further enhance takeaway capacity by 2026. These developments are instrumental in ensuring that the Permian Basin's production reaches both domestic and international markets efficiently.

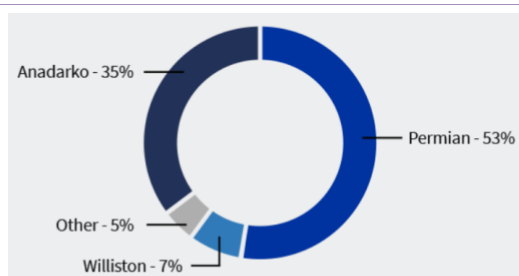
Chart 14: Permian Basin Production by Well Vintage (Jan 2019- Dec 2025)



Source: Exec Edge Research, U.S. Energy Information Administration, Short-Term Energy Outlook, August 2024

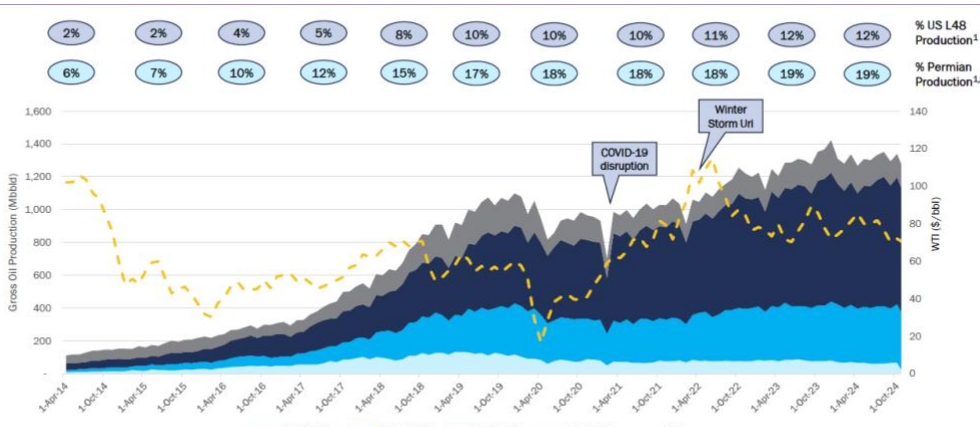
- **ARLP has strategically positioned itself to capitalize on the Permian Basin's growth**. ARLP invested $111 million in 2023 and $25 million in 2024 in additional oil & gas royalties, mainly in the Permian Basin. With approximately 53% of its royalty assets located in the Permian Basin, ARLP benefits from the region's high productivity and robust infrastructure. The company's royalty interests are concentrated under top-tier operators in the core parts of the Permian, ensuring consistent and high-margin cash flows. ARLP's focus on the Permian aligns with its strategy to invest in high-quality, low-cost assets that offer sustainable growth. The company's exposure to the region's prolific production and ongoing infrastructure enhancements positions it to deliver strong financial performance and shareholder value in the evolving energy landscape.
  - Overall, we believe that the Permian Basin's unparalleled productivity, technological advancements, and infrastructure developments underscore its critical role in the U.S. energy sector. **ARLP's significant presence in this region enhances its ability to generate stable and growing royalty income, reinforcing its position as a compelling play on the region's growth**.

Chart 15: ARLP Net Royalty Acres



Source: Exec Edge Research, Company Website

Chart 16: Permian-weighted Minerals Position has Delivered Strong Growth Through Commodity Cycles

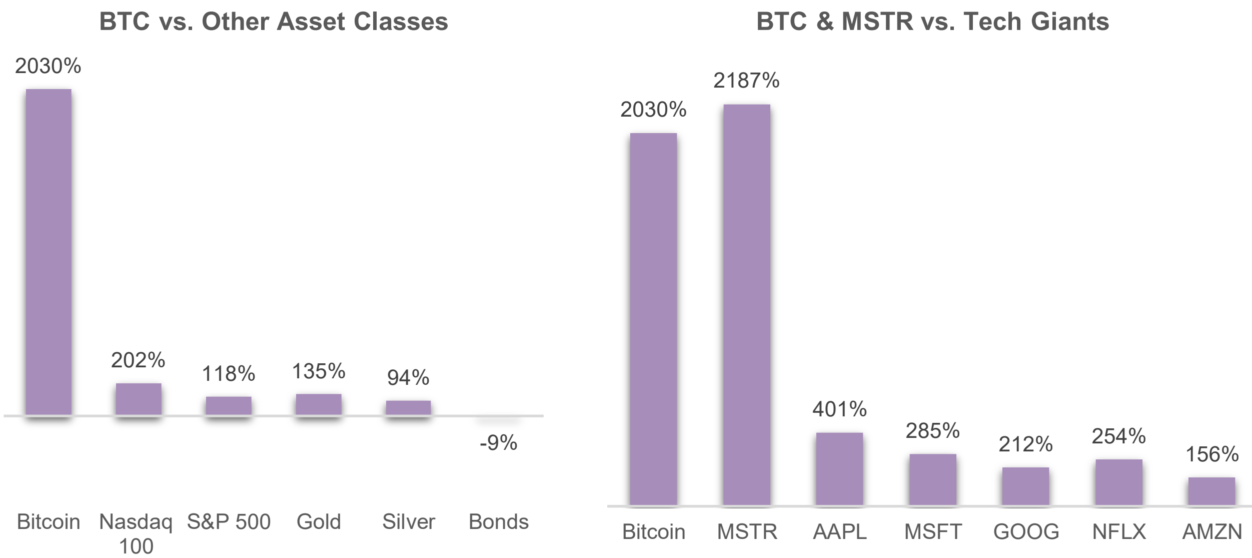


Source: Exec Edge Research, Company Website

Holding Bitcoin on Balance Sheet Lends Upside Potential With Low Risk

- **Over the past several years, Bitcoin has established itself as the best-performing asset class, delivering much higher returns compared to traditional investments such as equities, commodities, and bonds**. Since its inception in 2009, Bitcoin has experienced exponential growth, particularly from 2019 onward. As of April 10, 2025, Bitcoin's price has surged to ~$81,870, representing a remarkable increase from its value of around $3,800 on January 1, 2019. This translates to a return exceeding 2,000% over the period, far outpacing traditional asset classes, whose returns can be seen in the chart below. Bitcoin's strong performance compared to other asset classes is driven by rising institutional adoption, with major firms like Tesla and Strategy investing heavily and boosting legitimacy. Economic uncertainties such as inflation and fiat instability have increased its appeal as a decentralized store of value. Additionally, technological advancements, expanding user adoption, and supportive regulatory developments have reinforced Bitcoin's growth trajectory.

Chart 17: BTC Returns Since 2019 Compared With Top Asset Classes and Tech Stocks



Source: Exec Edge Research, Yahoo Finance. Returns between January 1, 2019 and April 10, 2025.

- **In recent years, many companies have started adopting Bitcoin as a treasury asset, benefiting significantly from its value appreciation.** Strategy (MSTR, formerly MicroStrategy) is a standout example, delivering an impressive 2,187% return from January 2019 to April 2025—far surpassing top tech stocks. Firms adding Bitcoin to their balance sheets gain visibility and investor interest, signaling innovation and alignment with the growing acceptance of digital assets. Bitcoin's limited supply and decentralized nature make it a compelling store of value, acting as a hedge against inflation and currency instability. As Bitcoin continues to gain legitimacy, companies with significant holdings are often seen as forward-thinking leaders, boosting their market valuation and appeal among both institutional and retail investors.
- **ARLP's strategic exposure to Bitcoin offers asymmetric upside potential in a growing digital asset market**. As of 1Q25, ARLP held 513 Bitcoins valued at $42.0 million on its balance sheet. These assets are held under its Bitiki subsidiary, originally launched as a pilot project to monetize underutilized electricity capacity. While the company does not engage in speculative trading, it views Bitcoin as a store of value, aligning with its broader capital preservation philosophy. Management confirmed during the 1Q25 call that ARLP has no plans to sell its BTC holdings in the near term and sees long-term potential in the asset's appreciation. With the Trump administration taking a positive stance on Bitcoin and digital assets, further appreciation in Bitcoin prices can be expected and ARLP is positioned to benefit passively from mark-to-market gains while also growing it through its Bitcoin mining operations. Though still a modest portion of its total assets, BTC exposure introduces a non-correlated, high-upside element to ARLP's portfolio—offering optionality without compromising its core cash-generative operations.

Tariff Wars Could Result in Higher Costs and Lower Exports, and Are a Monitorable

- **Trump Tariffs have introduced unprecedented volatility in international trade scenario, which can impact the stability and operations of businesses worldwide.** Between January 20 and April 11, 2025, President Donald Trump initiated a series of aggressive tariff measures, marking a significant shift in U.S. trade policy. On February 1, the administration imposed a 25% tariff on most imports from Canada and Mexico, citing concerns over drug trafficking and immigration. This move prompted retaliatory tariffs from Canada on U.S. goods. On March 4, the U.S. extended 25% tariffs to steel and aluminum imports, leading to further international responses. April 2, dubbed "Liberation Day" by Trump, saw the announcement of a universal 10% tariff on all imports, with higher rates for specific countries. By April 9, tariffs on Chinese goods escalated to 145%, but by April 10, tariffs beyond the 10% base were paused for most countries for 90 days to facilitate negotiations. In response to these sweeping tariffs, several countries have imposed retaliatory measures that could significantly impact U.S. exports. China escalated tariffs on U.S. goods from 84% to 125% as of April 12, 2025, targeting sectors such as agriculture, aerospace, and semiconductors. Additionally, China has restricted imports of U.S. films and imposed export controls on rare earth minerals, crucial for electronics manufacturing. Canada responded with 25% tariffs on U.S. goods, including liquor, clothing, and household appliances. The European Union approved retaliatory tariffs on over $23 billion of U.S. goods, targeting products like soybeans, motorcycles, and meat. These measures are part of a broader strategy to counter U.S. tariffs on steel, aluminum, and other goods. These actions have introduced significant volatility into global markets and have raised concerns about potential inflationary pressures and economic slowdown.

Chart 18: Trump Tariff Timeline

20 Jan	3 Feb	4 Mar	2 Apr
• Trump inaugurated; signals tariff intentions	• 25% tariffs on Canada and Mexico imposed	• 25% tariffs on steel and aluminum initiated	• "Liberation Day": 10% universal import tariff.
5 Apr	**9 Apr**	**10 Apr**	**11 Apr**
• Universal 10% tariff takes effect.	• Tariffs on Chinese goods raised to 145%.	• Tariffs beyond base 10% on most nations paused for 90 days.	• China retaliates with 125% tariffs on U.S. goods.

Source: Exec Edge Research

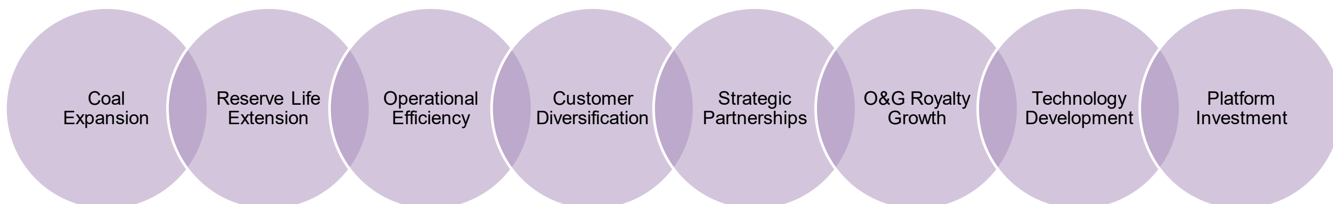
- **The introduction of broad-based tariffs—particularly the 10% universal import tax and elevated duties on steel, aluminum, and critical machinery—may incrementally raise the operating costs for coal producers.** The tariffs—particularly on steel, industrial equipment, and energy-related goods—poses potential headwinds for the U.S. coal sector. Many mining operations rely on imported equipment, parts, and materials that are now subject to elevated duties, including steel-based components critical for mine maintenance and expansion. These cost increases could erode operating margins, especially for producers with thin cost buffers or deferred capex schedules. At the same time, retaliatory tariffs from key trading partners such as China and the EU may reduce demand for U.S. coal exports, particularly metallurgical coal, which is price-sensitive and globally traded. Currency fluctuations and trade-related uncertainty could further disadvantage U.S. producers in the seaborne market. As global coal buyers seek stable, competitively priced supply, protectionist trade policy could undercut the U.S. coal sector's ability to compete on both cost and reliability across international markets. We believe that while ARLP would face some due these tariffs, this impact would be limited because:
  - **ARLP is not heavily dependent on exports**. Only 3.1 million tons out of the 32.5 million tons or 9.5% of the company's committed 2025 sales are from export markets. Also, due to weak demand for its high sulfur coal in export markets, the company has decided not to pursue new export contract for Illinois basin deliveries in 2025.
  - **The company has completed significant infrastructure improvements in 2024**, which will pave the way for better efficiency going forward. This means that it might not require to make significant capital investments in the near-term.
  - We believe investors should view tariff policy as an evolving macro variable, with manageable but non-negligible implications for cost structure and capital planning over time.

Growth Strategy

Focused on Cash Flow Generation Through Investments, Royalty Portfolio, & New Markets

- **ARLP's has a comprehensive growth strategy that is focused on enhancing cash flow generation through disciplined investments across its core coal operations, expanding royalty portfolios, and selectively entering adjacent industrial and energy markets**. While the company does not publish a formal growth roadmap, its stated strategic priorities reflect a focus on capital efficiency, asset longevity, diversification, and alignment with evolving infrastructure and energy needs. We summarize the key elements of its growth strategy below.

Chart 19: Comprehensive Growth Strategy



Source: Exec Edge Research, Company Filings

- **Coal expansion**: ARLP aims to grow its coal operations by acquiring and developing new mining complexes and coal mineral reserves adjacent to its existing infrastructure. This strategy allows the company to leverage its regional expertise, logistics, and preparation assets to achieve incremental production without proportional increases in capital intensity.
  - Management has highlighted plans to selectively evaluate opportunities near existing assets such as River View and Tunnel Ridge, where infrastructure already exists to support expansion. In 2024, despite market headwinds, ARLP continued capital investment in strategic mine development and completed infrastructure enhancements to strengthen its core mining base. These activities are designed to increase output flexibility and maximize throughput from low-cost reserves in familiar geographies.
- **Reserve life extension**: Extending the life of ARLP's mining operations is central to maintaining long-term coal output and optimizing asset utilization. The partnership targets the acquisition and development of adjacent coal reserves that can be seamlessly integrated into current mine plans. This strategy ensures higher capital efficiency as existing processing and logistics infrastructure can be redeployed without additional buildout.
  - In 2024, ARLP maintained capital outlays in reserve development and secured additional resources to support continued operations at key mines. Management emphasized that reserve extensions, particularly at Tunnel Ridge and River View, are expected to support stable production volumes through mid-to-late decade, reinforcing ARLP's position as a reliable supplier in its served markets.
- **Operational efficiency**: Maintaining status as a low-cost producer remains a core strategic pillar for ARLP. The company pursues ongoing productivity improvements across its mining portfolio to contain unit costs, even as geological and market conditions fluctuate.
  - In 4Q24, ARLP faced elevated costs in Appalachia due to difficult mining conditions at Tunnel Ridge and Mettiki, but the company responded with operational adjustments, including reducing the number of production units at MC Mining. At the same time, capital investments in infrastructure and equipment upgrades are intended to drive long-term cost reductions. These actions reflect ARLP's continued commitment to disciplined cost control and operational optimization in all market conditions.

Growth Strategy

- **Customer diversification**: Offering a range of coal qualities and delivery options enables ARLP to meet diverse customer specifications and strengthen its commercial relationships. The partnership supplies both low- and high-sulfur coal and has established multiple transportation modes—including barge, rail, and truck—to serve domestic and export markets. ARLP's long-term contract portfolio helps provide volume visibility and reduces exposure to pricing volatility.
  - In 2024, coal sales volumes from the Illinois Basin grew, offsetting weakness in Appalachian volumes. Management reiterated the importance of customer service flexibility and quality consistency as competitive differentiators, noting that strong execution on existing contracts supported overall price realization even in a weak demand environment.
- **Strategic partnerships**: ARLP seeks to deepen strategic relationships across the coal, oil & gas, and infrastructure value chains to access new opportunities and platforms. These partnerships may span joint ventures, offtake arrangements, or technology collaborations.
  - A recent example includes Matrix Design's ongoing partnership with Infinitum, a Texas-based motor technology firm, to co-develop energy-efficient motor systems for mining and industrial applications. The joint development agreement not only supports internal operational goals but also positions Matrix Group to distribute the technology globally. Such partnerships extend ARLP's reach beyond traditional mining into technology and infrastructure solutions aligned with the industrial energy transition.
- **O&G royalty growth**: Expanding its oil & gas mineral footprint continues to be a core growth initiative for ARLP. The partnership is actively acquiring royalty interests across the Permian, Anadarko, and Williston basins, building a portfolio of ~70,000 net royalty acres. These assets generate recurring cash flow with no operating exposure, providing diversification from coal.
  - In 2024, ARLP completed multiple acquisitions totaling $24.7 million and achieved record oil & gas royalty volumes. Management cited drilling activity on acquired acreage and increased production from third-party operators as drivers of segment growth. With a scalable platform and access to capital, ARLP remains positioned to capitalize on inorganic opportunities in mineral-rich basins.
- **Technology development**: ARLP is focused on strengthening its industrial technology platform through Matrix Group, which provides safety, automation, and analytics solutions for mining and industrial clients. Matrix Group also serves ARLP's own operations, improving productivity and safety compliance.
  - Again, the company's collaboration with Infinitum to co-develop advanced electric motors exemplifies this strategy. The technology, designed for heavy industrial use, is being validated within ARLP's mining operations and will be marketed globally through Matrix. This initiative positions ARLP not only as a resource producer but also as a technology solutions provider to adjacent industries, potentially opening new revenue streams beyond extractive sectors.
- **Platform investment**: ARLP is actively investing in adjacent energy and infrastructure platforms to build new business lines with long-term growth potential. These include investments in companies such as Ascend (battery materials), Francis (EV charging infrastructure), and NGP ET IV (low-carbon transition fund). These investments leverage ARLP's capital strength and institutional relationships while providing exposure to sectors adjacent to traditional coal and oil & gas.
  - Bitiki, the company's crypto-mining initiative, also reflects this approach—converting stranded electricity into monetizable digital assets. Management has indicated that these investments are intended to create optionality and sustainable cash flow generation outside the core resource segments, supporting long-term resilience.

Management Team

Best-In-Class Management Team Led by Joseph Craft and Cary Marshall

- **ARLP has a comprehensive and highly experienced management team that is well placed to create shareholder value.** The company's CEO, CFO, and other senior executives have been with the company for more than 25 years and bring with them stability, deep industry knowledge, as well as cross-functional expertise required to steer the company's growth strategy. Brief profiles of the executive team are listed below.

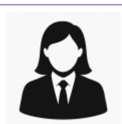
Chart 20: ARLP – Senior Management Team

Joseph W. Craft III, President, Chief Executive Officer and Director

Joseph is a seasoned energy executive with deep financial, legal, and operational expertise. He previously led MAPCO Coal and held senior roles at MAPCO Inc. He serves on several industry and financial boards, including BOK Financial.

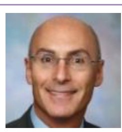
Cary P. Marshall, Senior Vice President and Chief Financial Officer

Bringing over three decades of experience in corporate finance and marketing, Cary has held key financial leadership roles since joining ARLP's predecessor entity, MAPCO Inc., in 1989. He holds BBA and MBA degrees from Southern Methodist University.



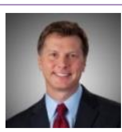
Megan J. Cordle, Vice President, Controller and Chief Accounting Officer

Megan is a certified public accountant with a strong audit background, she joined the company in 1999 after serving as Audit Manager at Deloitte. She holds a BSBA in Accounting from the University of Tulsa.



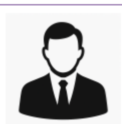
Steven Schnitzer, Senior Vice President, General Counsel and Secretary

Steven is a veteran corporate lawyer with deep expertise in energy, infrastructure, and M&A, he has held senior legal roles at Tortoise Capital, Ecofin, and multiple SPACs.



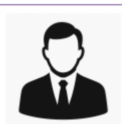
Kirk D. Tholen, Senior Vice President, President - Alliance Royalty, LLC

Kirk is a seasoned oil & gas executive with over three decades of technical and advisory experience, he has led A&D practices at top firms and held engineering roles at major E&P companies including UNOCAL, BJ Services, and BP.



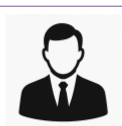
Timothy J. Whelan, Senior Vice President - Sales and Marketing

With over 30 years in the energy sector, Timothy brings deep expertise in coal marketing and business development, having held senior roles at Alliance, MAPCO and Williams Energy.



Thomas M. Wynne, Senior Vice President and Chief Operating Officer

Thomas is a veteran mining professional with over four decades of experience, he has led operations at Alliance since 1998 and actively contributed to national mine safety and coal industry organizations throughout his career.



Mark A. Watson, Senior Vice President - Operations and Technology

Mark brings deep expertise in operational technology and engineering, supported by advanced degrees in electrical engineering from the University of Kentucky.

Jesse M. Parrish, Senior Vice President – Operations, Alliance Coal, LLC

Prior to joining ARLP, he held various senior positions at Blackhawk Mining, including CEO, President, & CFO. Before that, Jesse practiced law at Bingham Greenebaum Doll LLP, where he focused on coal-related financings, mergers and acquisitions, and environmental matters.

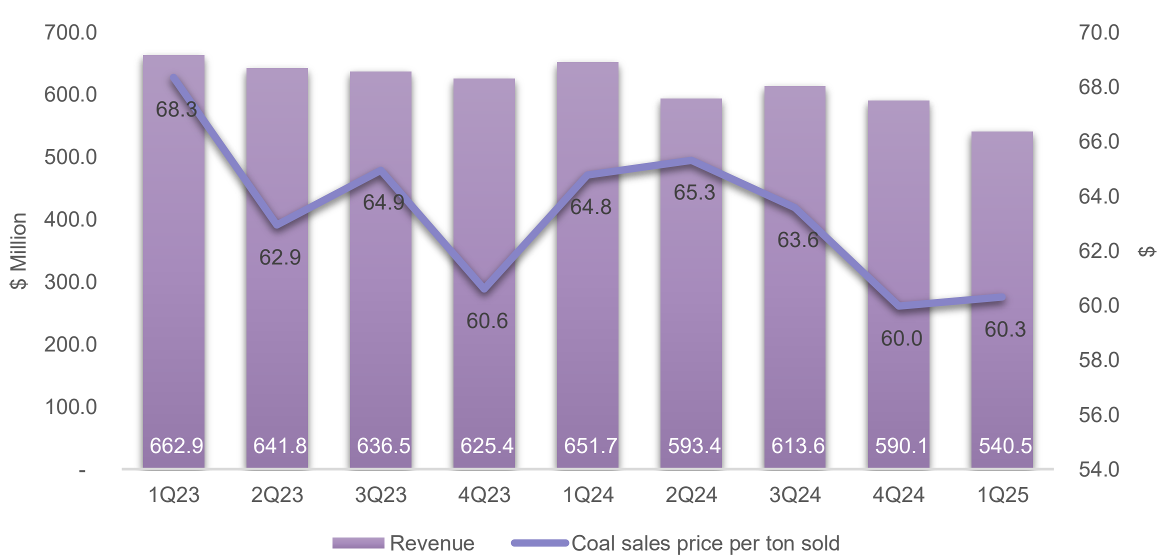
Source: Exec Edge Research, ARLP Website, LinkedIn

Fundamentals & Valuation

Strong Free Cash Flows in Tough Operating Environment Reflect Robust Fundamentals

- **ARLP's 1Q25 revenue performance reflected a soft start to the year, but strong contracting discipline and diversification lend resilience for the remainder of 2025.** ARLP reported total revenue of $540.5 million in 1Q25, down 17.1% y/y and a 8.4% sequential decline. The topline pressure was largely expected, driven by the dual impact of lower coal sales volumes and a decline in realized pricing. Total coal sales fell 10.4% y/y to 7.8 million tons, while average realized coal price per ton declined 6.9% y/y to $60.29, with softer pricing concentrated in export markets mainly from MC Mining and Mettiki operations. The drop in coal sales volumes was also driven in part by timing-related deferrals of committed shipments from the Hamilton mine in the Illinois Basin. Oil & Gas royalties remained steady at $36.1 million, down just 2.6% y/y, benefiting from resilient BOE realizations.
- **We believe the drop in coal-related revenues reflects temporary business dynamics rather than a structural erosion.** While 1Q25 was a "reset" quarter in terms of volume and pricing, ARLP's diversified revenue mix, strong contract cover, and increasing utility restocking activity suggest that revenue momentum is likely to stabilize—and modestly improve—as the year progresses.
  - **Strong forward contract coverage**: Over 96% of ARLP's expected 2025 coal volumes are already committed and priced under contracts. This high level of visibility provides insulation from spot price volatility and assures a stable revenue base for the rest of the year.
  - **Deferred shipments expected to resume**: The coal inventory build in 1Q25—especially at the Hamilton mine—was attributed to timing delays rather than demand erosion. Management expects these deferred tons to be shipped in the coming quarters under existing agreements which should bolster sales volumes and revenue recovery.
  - **Operational normalization in Appalachia:** Management indicated that the Tunnel Ridge longwall move was completed late in 1Q25, and production is expected to return to normal levels. This should help restore volume and improve segment economics, supporting both revenue and margin recovery in Appalachia.
  - **Tactical pullback from export markets may reverse**: While weak international pricing weighed on exports in 1Q25, management suggested ARLP retains the flexibility to resume seaborne shipments when pricing improves, offering potential upside in the second half of the year.

Chart 21: ARLP – Quarterly Pricing and Revenue

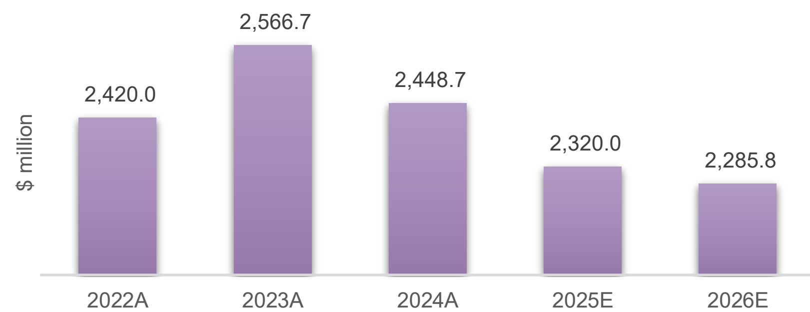


Source: Exec Edge Research, Company Filings

Fundamentals & Valuation

- **Looking ahead, coal sales volume is likely to expand in 2025, albeit with weaker pricing, while operating margin is expected to expand in both 2025 and 2026**. If we take the midpoint of the management guidance for full-year 2025 (see chart below), ARLP's total coal sales volumes are expected to come in at 33.75 million tons in 2025 vs. 33.3 million tons in 2024, an uptick of 1.4%. At the same time, average coal prices are expected to moderate to \$57–\$61 per ton, implying a mid-single-digit y/y decline at the midpoint. However, with 32.5 million tons already priced and committed for 2025, revenue visibility is relatively strong.
  - **On the royalty side, management expects continued growth in production volumes**, supported by active development on existing acreage, while pricing trends will be closely tied to macro commodity markets.
  - **Better margin performance**: With major infrastructure projects essentially completed in 2024, ARLP is positioned to better absorb future volume and pricing volatility and deliver better operating margins.
  - **Street estimates sourced from TIKR show that ARLP's overall revenue could fall to \$2.32 billion in 2025 and reach \$2.29 billion in 2026**. Despite a revenue dip in 2025, the EBIT margin is expected to improve from 16.1% in 2024 to 17.7% in 2025 and 17.9% in 2026.

Chart 22: Annual Revenue Growth is Expected to Remain Under Pressure



Source: Exec Edge Research, Company Filings, TIKR. Forward Estimates sourced from TIKR.

Chart 23: Management Guidance for Full Year 2025

Coal Operations	
Volumes (Million Short Tons)	
Illinois Basin Sales Tons	24.00 — 25.50
Appalachia Sales Tons	8.75 — 9.25
Total Sales Tons	**32.75 — 34.75**
Committed & Priced Sales Tons	
2025 — Domestic / Export / Total	29.4 / 3.1 / 32.5
2026 — Domestic / Export / Total	19.2 / 1.3 / 20.5
Coal Sales Price Per Ton Sold (1)	
Illinois Basin	\$50.00 — \$53.00
Appalachia	\$76.00 — \$82.00
Total	**\$57.00 — \$61.00**
Segment Adjusted EBITDA Expense Per Ton Sold (2)	
Illinois Basin	\$35.00 — \$38.00
Appalachia	\$53.00 — \$60.00
Total	**\$40.00 — \$44.00**
Royalties	
Oil & Gas Royalties	
Oil (000 Barrels)	1,550 — 1,650
Natural gas (000 MCF)	6,100 — 6,500
Liquids (000 Barrels)	775 — 825
Segment Adjusted EBITDA Expense (% of Oil & Gas Royalties Revenue)	**~ 15.0%**
Coal Royalties	
Royalty tons sold (Million Short Tons)	23.75 — 25.25
Revenue per royalty ton sold	\$3.20 — \$3.40
Segment Adjusted EBITDA Expense per royalty ton sold	**\$1.20 — \$1.30**
Consolidated (Millions)	
Depreciation, depletion and amortization	\$280 — \$300
General and administrative	\$80 — \$85
Net interest expense	\$39 — \$43
Income tax expense	\$20 — \$22
Total capital expenditures	**\$285 — \$320**
Growth capital expenditures	\$5 — \$10
Maintenance capital expenditures	\$280 — \$310

Source: Exec Edge Research, Company Filings. 1: Sales price per ton is defined as total coal sales revenue divided by total tons sold. 2: Segment Adjusted EBITDA Expense is defined as operating expenses, coal purchases, if applicable, and other income or expenses as adjusted to remove certain items from operating expenses that we characterize as unrepresentative of our ongoing operations

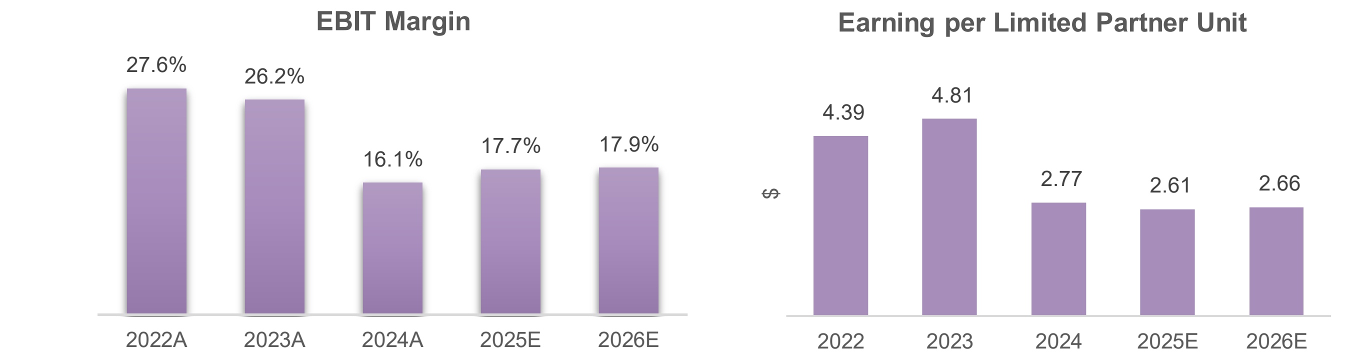
Chart 24: Street Estimates for ARLP

$Mn except EPS Data	2022A	2023A	2024A	2025E	2026E
Revenue	2,420.0	2,566.7	2,448.7	2,320.0	2,285.8
Revenue Growth		6.1%	-4.6%	-5.3%	-1.5%
Operating Income	667.4	672.4	394.1	409.9	409.4
Operating Income Growth		0.7%	-41.4%	4.0%	-0.1%
Operating Income Margin	27.6%	26.2%	16.1%	17.7%	17.9%
EPS	$ 4.39	$ 4.81	$ 2.77	$ 2.61	$ 2.66

Source: Exec Edge Research, Company Filings, TIKR. Forward Estimates sourced from TIKR.

- **ARLP's 1Q25 cost structure reflected a balance between inflationary pressure and operational discipline, as lower production volumes led to margin compression, but per-ton cost efficiencies signal a path to stabilization**. The company entered 2025 with a cautious start, as coal market softness, volume disruptions, and lower price realizations weighed on profitability. Net income attributable to ARLP for the quarter fell to $74.0 million, or $0.57 per unit, down from $158.1 million ($1.21 per unit) in 1Q24. This decline was primarily driven by lower revenue realization across coal segments and a decline in the fair value of digital assets, although these were partially offset by a disciplined cost structure that helped protect margins.
  - **While overall segment adjusted EBITDA fell, ARLP demonstrated cost agility in key components of its mining operations**. Material and supplies expenses per ton produced declined by 9.2% y/y, driven by reductions in roof support, contract labor, ventilation, and third-party service costs. These savings were partially offset by modest increases in preparation plant expenses. Additionally, maintenance expenses per ton declined 6.9% y/y, reflecting improved repair efficiency and benefits from infrastructure investments made in 2024. Production taxes and royalty expenses per ton sold also decreased by $0.35 per ton produced, compared to 1Q24, largely due to lower coal price realizations.
  - **Despite these efficiencies, segment adjusted EBITDA expense per ton rose, due to fixed-cost absorption over a smaller production base, particularly in the Appalachian region**. This dynamic, along with lower pricing and export volume pressure, contributed to compressed margins across coal segments. As a result, the operating margins of the company took a hit, declining from 24.6% in 1Q24 to 17.4% in 1Q25. The adjusted EBITDA margin which filters out the impact of D&A as well as the change in fair value of digital assets, also declined from 36.6% in 1Q24 to 29.6% in 1Q25.
- **ARLP is taking steps to restore operating margin in 2025 and beyond, supported by infrastructure upgrades, production normalization, and disciplined volume management**. Management emphasized that key infrastructure investments completed in 2024 at Tunnel Ridge, Hamilton, Warrior, and River View mines are now operational and expected to enhance equipment reliability and reduce maintenance intensity starting in 2Q25. These improvements, along with fewer longwall relocations and more efficient mine sequencing, are designed to drive better fixed-cost absorption.
  - Additionally, the company's strategic decision to scale back operations at MC Mining to two units reflects a shift toward profitability-focused production, especially in geologically challenging or price-pressured regions. ARLP's cost discipline was already evident in 1Q25, with material and maintenance expenses per ton declining 9.2% and 6.9% y/y, respectively. While margin compression persisted due to volume shortfalls, management expressed confidence that shipment timing, utility restocking, and normalized production will drive sequential recovery.
  - **According to Street estimates sourced from TIKR, ARLP's full-year operating profit margin is projected to expand to 17.7% in 2025, up from 16.1% in 2024, and further to 17.9% in 2026, reflecting a multi-quarter recovery trajectory**. With 96% of 2025 volumes already contracted, ARLP has strong visibility to execute on this improvement pathway.
  - ARLP started the year with earnings of $0.7 per unit in 1Q25, suggesting an annualized run rate of $2.80 per unit. Street estimates sourced from TIKR indicate earnings per limited partner unit to be $2.61 in 2025 and $2.66 in 2026.

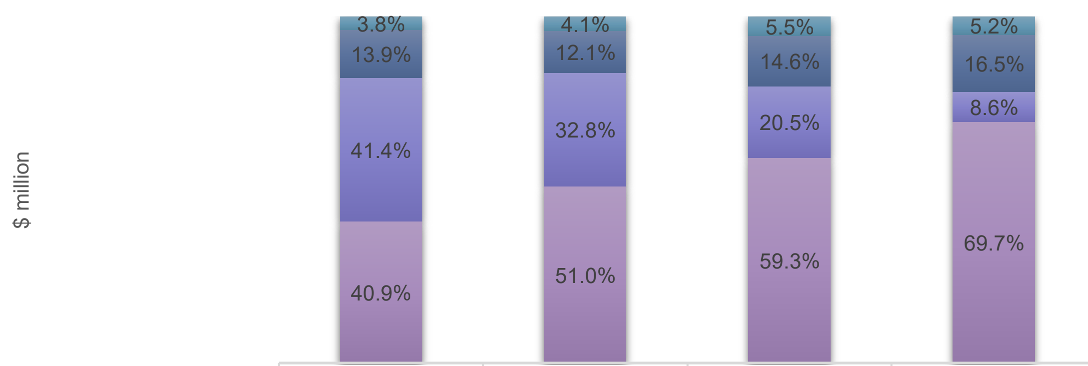
Chart 25: ARLP – Margin and Earnings Snapshot



Source: Exec Edge Research, Company Filings, TIKR. Forward Estimates sourced from TIKR.

- **Segment Adjusted EBITDA declined materially in 1Q25, with Appalachian coal operations seeing the sharpest contraction, while Illinois Basin demonstrated relative resilience**. ARLP reported total Segment Adjusted EBITDA of $180.5 million in 1Q25, down 30.7% y/y. The decline was broad-based, impacting all operating segments, but was most acute in the Appalachian coal operations, which experienced margin compression and production inefficiencies tied to site-specific geological and operational disruptions. Meanwhile, the Illinois Basin delivered a more measured decline, underpinned by cost discipline and a more favorable production profile. The royalty segments—both oil & gas and coal—also posted y/y declines but remained positive contributors to overall EBITDA.
  - Going forward, deferred shipments, normalized mining activity, and high forward contract coverage point to sequential EBITDA improvement, particularly in the coal segments, as ARLP's operational flexibility and diversified cash flow base support its recovery trajectory. We discuss the segment-wise performance below:

Chart 26: Segment Adjusted EBITDA – ILB Absorbing the Burden of Operating Challenges at Appalachia



	2022	2023	2024	1Q25
Coal Royalties	38.8	41.2	44.0	9.4
Oil and Gas Royalties	143.2	121.5	117.0	29.9
Appalachia Operations	426.4	330.7	164.1	15.6
Illinois Basin Operations	420.7	514.1	473.9	126.2

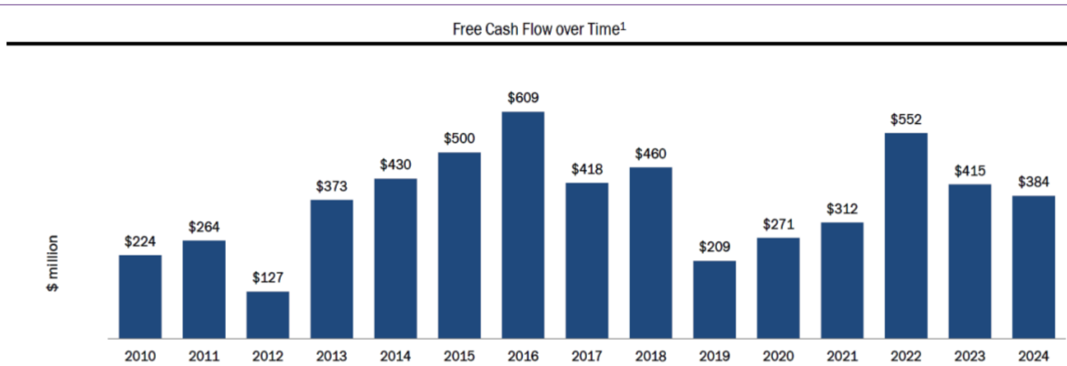
Source: Exec Edge Research, Company Filings

  - **Illinois Basin Coal Operations: Resilient performance amid volume and pricing headwinds.** Segment Adjusted EBITDA from the Illinois Basin (ILB) declined 10.1% y/y to $126.2 million in 1Q25, down from $140.3 million in 1Q24. While volumes and pricing were weaker compared to the prior-year quarter, the segment demonstrated relative resilience, supported by lower operating expenses and improved production efficiencies at several complexes. Sales volumes fell 6.1% y/y, mainly due to delayed shipments from the Hamilton mine tied to the timing of committed sales under long-term contracts. These tons are expected to be recovered in future quarters. Overall, ILB continues to serve as the operational backbone of ARLP's coal business, providing consistent cash flows and efficiency upside, even in a quarter with reduced shipping activity. This segment contributed ~70% of the total segment adjusted EBITDA of the company, up from ~60% in 4Q24, which goes to show its resilience during the quarter.

- **Appalachia Coal Operations: Margin contraction due to lower volumes, pricing, and inflated unit costs**. The Appalachia segment was the most significantly impacted during the quarter, with Segment Adjusted EBITDA falling 79.0% y/y to $15.6 million. This decline was primarily driven by a sharp 29.3% drop in coal sales revenue, which fell from $191.2 million to $135.3 million. The contraction was driven by both volume and price headwinds, magnified by cost overruns and reduced operational throughput. Tons sold fell 22.7% y/y, largely due to ongoing geological challenges and lower production at Tunnel Ridge, where a planned longwall move further reduced output during the quarter. Price realizations were also down 8.5%, affected by weaker export pricing at MC Mining and Mettiki, only partially offset by a more favorable sales mix. Adding to the pressure, Segment Adjusted EBITDA expense increased 2.6% y/y to $120.6 million, driven by a spike in unit costs. Despite these challenges, management expects cost normalization in Appalachia as production stabilizes and the effects of infrastructure upgrades take hold in the latter half of 2025.
- **Oil & Gas Royalties: Resilient cash flow contributor despite softer volumes**. The Oil & Gas Royalties segment posted Segment Adjusted EBITDA of $29.9 million, a modest decline from $31.4 million in 1Q24. The drop was driven by a 2.0% y/y decrease in BOE volumes and slightly higher expense levels. Pricing held relatively firm, and the overall performance remained strong, underpinned by ARLP's high-quality Permian Basin acreage operated by leading E&Ps like ExxonMobil, Oxy, and Diamondback. The royalty business remains a key diversification pillar and a long-term cash flow stabilizer within the portfolio.
- **Coal Royalties: Modest decline reflecting reduced tons and rates**. The Coal Royalties segment generated Segment Adjusted EBITDA of $9.4 million, down from $12.4 million in the prior-year period. The decline was attributed to both lower royalty tons sold and a reduction in average royalty rates per ton received from ARLP's mining subsidiaries. As coal production was lower across the board—particularly in Appalachia—the volume-linked nature of this segment led to diminished revenues.

- **ARLP continues to demonstrate robust free cash flow generation and consistent capital returns, reinforcing the sustainability of its high-yield distribution.** In 1Q25, ARLP generated $52.7 million in free cash flow, after investing $83.4 million in coal-related capital expenditures, underscoring the company's ability to fund growth and maintenance initiatives while retaining cash flow for unitholder returns. Distributable cash flow (DCF) totaled $84.1 million, supporting a strong distribution profile with meaningful coverage. The company declared a quarterly distribution of $0.70 per unit, translating to an annualized rate of $2.80, unchanged from both the prior quarter and 1Q24. This reflects not only ARLP's stable payout strategy but also its confidence in forward cash flows, backed by over 96% of 2025 volumes already committed under contract.

Chart 27: ARLP – Strong Track Record of Delivering Free Cash Flow ….

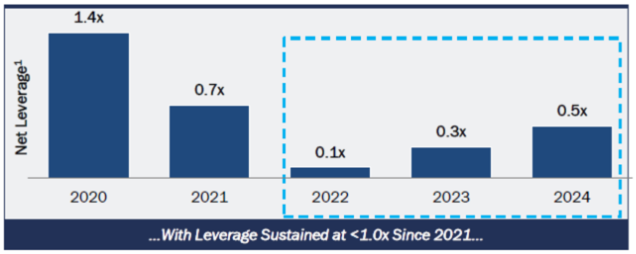


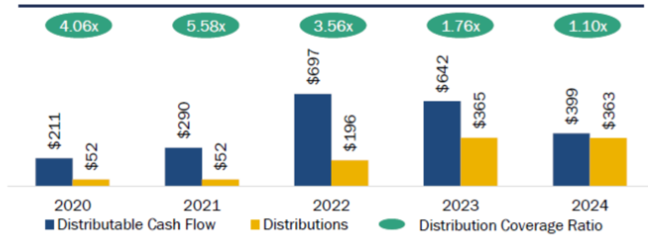
Net Leverage[1] and Gross Leverage over Time

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Leverage[2]	0.8x	0.8x	1.3x	1.2x	1.0x	1.2x	0.9x	0.9x	0.7x	1.3x	1.4x	0.7x	0.1x	0.3x	0.5x
Gross Leverage	1.4x	1.2x	1.4x	1.3x	1.0x	1.2x	0.9x	0.9x	1.1x	1.3x	1.6x	0.9x	0.4x	0.4x	0.7x

Source: Exec Edge Research, Company Investor Presentation. 1: This is a non-GAAP financial measure.

Chart 28: … and Low Net Leverage While Consistently Rewarding Unit Holders





Source: Exec Edge Research, Company Investor Presentation.

- **ARLP's current ratio improved to 1.9x in 1Q25, reflecting enhanced liquidity from strong operating cash flows and prudent capital allocation**. As of March 31, 2025, ARLP reported current assets of $476.5 million and current liabilities of $246.9 million, resulting in a current ratio of 1.9x. This signals healthy short-term liquidity position. The company's current assets include $81.3 million in cash, $177.5 million in trade receivables, and $42.3 million in digital assets, providing ample coverage for near-term obligations such as accounts payable ($104.5 million) and accrued expenses. As of May 11, 2025, the company's digital asset reserves can be valued at $53.7 million, which gives further cushion to the liquidity. Notably, the company's current maturities of long-term debt were only $22.8 million, indicating limited refinancing risk in the short term.
  - **ARLP's ability to maintain a current ratio ~2x while continuing to invest in infrastructure and pay consistent distributions highlights its strong working capital management**.
  - **The company's interest coverage ratio remains healthy at 12.8x as of 1Q25.**

Chart 29: ARLP – Operating Segment Performance

Segment Performance ($ thousands)	2022	2023	2024	1Q24	1Q25
Segment Revenue					
Illinois Basin Operations	1,296,305	1,481,556	1,496,143	397,841	342,995
Appalachia Operations	928,087	883,334	743,242	198,014	139,496
Oil and Gas Royalties	154,897	141,525	139,136	37,345	36,913
Coal Royalties	60,680	65,614	69,741	18,708	15,795
Total Segment Revenue	**2,439,969**	**2,572,029**	**2,448,262**	**651,908**	**535,199**
Segment Adjusted EBITDA Expense					
Illinois Basin Operations	806,080	861,288	937,083	233,087	209,959
Appalachia Operations	464,029	516,471	551,734	117,502	120,568
Oil and Gas Royalties	15,395	16,532	19,853	4,940	5,721
Coal Royalties	21,871	24,451	25,759	6,264	6,400
Total Segment Adjusted EBITDA Expense	**1,307,375**	**1,418,742**	**1,534,429**	**361,793**	**342,648**
Segment Transportation or Other Expense					
Illinois Basin Operations	69,541	106,150	85,142	24,476	6,863
Appalachia Operations	37,656	36,140	27,448	6,277	3,337
Oil and Gas Royalties	(3,677)	3,485	2,325	1,003	1,308
Coal Royalties	-	-	-	-	-
Total Segment Transportation or Other Expense	**103,520**	**145,775**	**114,915**	**31,756**	**11,508**
Segment Adjusted EBITDA					
Illinois Basin Operations	420,684	514,118	473,918	140,278	126,173
Appalachia Operations	426,402	330,723	164,060	74,235	15,591
Oil and Gas Royalties	143,179	121,508	116,958	31,402	29,884
Coal Royalties	38,809	41,163	43,982	12,444	9,395
Total Segment Adjusted EBITDA	**1,029,074**	**1,007,512**	**798,918**	**258,359**	**181,043**
Segment Total Assets					
Illinois Basin Operations	779,018	966,102	1,028,622	1,019,209	1,072,545
Appalachia Operations	431,913	488,427	467,463	520,093	472,957
Oil and Gas Royalties	778,465	781,184	181,502	783,309	834,854
Coal Royalties	321,587	315,592	307,924	320,217	312,950
Total Segment Total Assets	**2,310,983**	**2,551,305**	**1,985,511**	**2,642,828**	**2,693,306**
Segment CAPEX					
Illinois Basin Operations	158,624	257,885	301,591	96,133	52,585
Appalachia Operations	76,603	116,217	109,315	26,451	30,828
Oil and Gas Royalties	-	-	-	-	-
Coal Royalties	38,276	400	-	-	45
Total Segment CAPEX	**273,503**	**374,502**	**410,906**	**122,584**	**83,458**

Source: Exec Edge Research, Company Filings

Chart 30: ARLP – Financial Snapshot

Income Statement ($ thousands except EPS data)	2022	2023	2024	1Q24	1Q25
SALES AND OPERATING REVENUES:					
Coal sales	2,102,229	2,210,210	2,111,803	561,879	468,511
Oil & gas royalties	151,060	137,751	138,311	37,030	36,084
Transportation revenues	113,860	142,290	112,590	30,753	10,200
Other revenues	52,818	76,450	86,004	22,035	25,673
Total revenues	**2,419,967**	**2,566,701**	**2,448,708**	**651,697**	**540,468**
Revenue Growth		*6.1%*	*-4.6%*	*-1.7%*	*-17.1%*
EXPENSES:					
Operating expenses (excluding depreciation, depletion and amortization)	1,288,082	1,368,787	1,507,398	363,859	339,436
Transportation expenses	113,860	142,290	112,590	30,753	10,200
Outside coal purchases	151	36,149	35,791	9,112	7,345
General and administrative	80,425	79,096	82,224	22,129	20,580
Depreciation, depletion and amortization	276,670	267,982	285,446	65,549	68,629
Settlement gain	(6,664.00)	-	-	-	-
Asset impairments	-	-	31,130	-	-
Total operating expenses	1,752,524	1,894,304	2,054,579	491,402	446,190
INCOME FROM OPERATIONS (EBIT)	**667,443**	**672,397**	**394,129**	**160,295**	**94,278**
EBIT Growth		*0.7%*	*-41.4%*	*-22.7%*	*-41.2%*
EBITDA	**170,727**	**933,077**	**690,245**	**235,028**	**154,361**
EBITDA Growth		*446.5%*	*-26.0%*	*-17.2%*	*-34.3%*
Adjusted EBITDA	**170,395**	**933,077**	**714,230**	**238,425**	**159,935**
Adjusted EBITDA Growth		*447.6%*	*-23.5%*		*-32.9%*
Interest expense	(37,331)	(36,091)	(35,229)	(7,749)	(8,434)
Interest income	2,035	9,394	7,222	1,276	867
Equity method investment income (loss)	5,634	(1,468)	(4,961)	(553)	(2,006)
Change in fair value of digital assets	-	-	22,395.00	11,853.00	(5,574)
Other income (expense)	4,355	218	(2,062)	(606)	611
INCOME BEFORE INCOME TAXES	642,136	644,450	381,494	164,516	79,742
INCOME TAX EXPENSE	53,978	8,280	15,937	4,949	4,182
NET INCOME	**588,158**	**636,170**	**365,557**	**159,567**	**75,560**
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(1,958)	(6,052)	(4,702)	(1,510)	(1,577)
NET INCOME ATTRIBUTABLE TO ARLP	**586,200**	**630,118**	**360,855**	**158,057**	**73,983**
Net Income Growth		*7.5%*	*-42.7%*		*-53.2%*
EARNINGS PER LIMITED PARTNER UNIT - BASIC AND DILUTED	4.39	4.81	2.77	1.21	0.57

Balance Sheet - Key Items ($ thousands)	2022	2023	2024	1Q24	1Q25
Cash and cash equivalents	296,023	59,813	136,962	136,962	81,313
Trade receivables	241,412	282,622	166,829	166,829	177,467
Digital assets	0	9,579	45,037	45,037	42,323
Total current assets	**657,593**	**516,121**	**513,230**	**513,230**	**476,546**
TOTAL ASSETS	**2,728,021**	**2,788,426**	**2,915,730**	**2,915,730**	**2,902,735**
Accounts payable	95,122	108,269	98,188	98,188	104,528
Current maturities, long-term debt, net	24,970	20,338	22,275	22,275	22,807
Total current liabilities	**255,571**	**227,467**	**233,142**	**233,142**	**246,929**
Long-term debt, excluding current maturities, net	397,203	316,821	450,885	450,885	444,858
Total liabilities	**1,019,995**	**929,829**	**1,062,197**	**1,062,197**	**1,071,275**
Total Partners' Capital	**1,708,026**	**1,858,597**	**1,853,533**	**1,853,533**	**1,831,460**

Cash Flows - Key Items ($ thousands)	2022	2023	2024	1Q24	1Q25
Net cash provided by operating activities	**802,349**	**824,231**	**803,131**	**209,673**	**145,686**
Capital expenditures	(286,394)	(379,338)	(428,741)	(123,846)	(86,776)
Net cash used in investing activities	**(403,338)**	**(553,322)**	**(440,664)**	**(120,512)**	**(93,062)**
Net cash used in financing activities	**(225,391)**	**(507,119)**	**(285,318)**	**(15,017)**	**(108,308)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**173,620**	**(236,210)**	**77,149**	**74,144**	**(55,649)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	122,403	296,023	59,813	59,813	136,962
CASH AND CASH EQUIVALENTS AT END OF PERIOD	296,023	59,813	136,962	133,957	81,313

Key Ratios and Margins	2022	2023	2024	1Q24	1Q25
EBIT Margin	*27.6%*	*26.2%*	*16.1%*	*24.6%*	*17.4%*
EBITDA Margin	*7.1%*	*36.4%*	*28.2%*	*36.1%*	*28.6%*
Adjusted EBITDA Margin	*7.0%*	*36.4%*	*29.2%*	*36.6%*	*29.6%*
Net Income Margin	*24.2%*	*24.5%*	*14.7%*	*24.3%*	*13.7%*
Current Ratio	2.57	2.27	2.20	2.20	1.93
EBITDA/ Interest Expense	15.70	27.93	16.90	26.80	12.80

Source: Exec Edge Research, Company Filings

Reasonably Valued Given Strong Earnings Profile and Policy Tailwinds

- **The ARLP stock has performed well but our analysis based on multiple valuation metrics shows that it has further upside potential from current levels.** Please note that the following analysis is for illustrative purposes and is not meant to be a stock recommendation/price target or a buy/sell/hold recommendation on the stock. We use multiple approaches, including absolute valuation (time series) and comparison with trading peers. While we do not have a price target for ARLP, our analysis shows that the stock has upside potential. **Please note that the upside shown in the analysis below is not a stock price target and is just an illustration of the valuation analysis conducted by us**.
  - **ARLP is a structurally cash-generative, low-leverage energy business available at a discount to its intrinsic value**. We also note that the upside reflected in our analysis below is conservative vs. mean/median Street target of $30.0 (source TIKR), suggesting that the upside could be higher than that shown in the analysis below.
- **We analyzed ARLP's NTM P/E, NTM P/S, and NTM EV/EBITDA multiples for the last three years and note that the stock is trading at a discount to its 3-year high multiple on all three metrics**.
  - **P/S multiple analysis**. ARLP is trading at a 1.39x NTM P/Sales multiple, a discount to its 3-year high of 1.54x. Applying the 1.54x multiple to its FY25E Sales results in a price/share of $27.9, higher than the current price of $24.9.

Chart 31: Valuation Analysis Based on NTM P/S Multiple

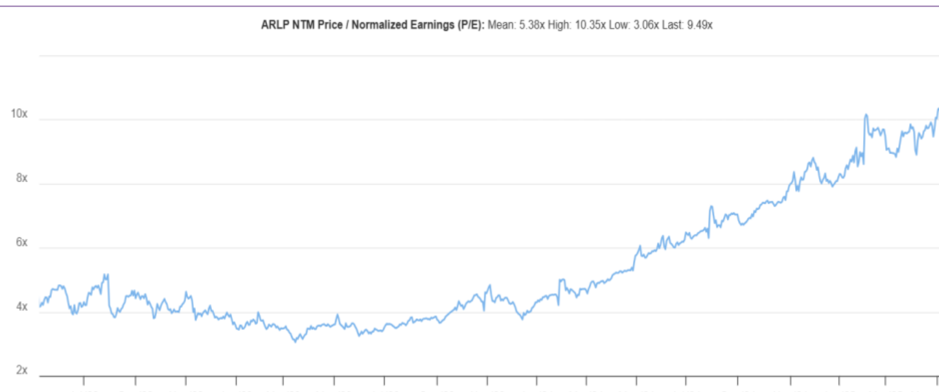
FY25E Sales ($Mn)	2,320.0
P/S Multiple (x)	1.54
Market Cap ($ Mn)	3,572.7
Shares Outstanding (Mn)	128.3
Price/share ($)	**27.9**
Current Price ($)	24.97
Upside Potential	***12%***

Source: Exec Edge Research, TIKR. Data as of 5/9 close.

  - **P/E multiple analysis**. ARLP is trading at a 9.49x NTM P/E multiple, a discount to its 3-year high of 10.35x. Applying the 10.35x multiple to its FY25E EPS results in a price/share of $27.0, also higher than the current price.

Chart 32: Valuation Analysis Based on NTM P/E Multiple

FY25E EPS	2.61
P/E Multiple (x)	10.35
Price/share ($)	**27.0**
Current Price ($)	24.97
Upside Potential	***8%***



Source: Exec Edge Research, TIKR. Data as of 5/9 close.

Fundamentals & Valuation

- **EV/EBITDA multiple analysis**. ARLP is trading at a 5.20x NTM EV/EBITDA multiple, a discount to its 3-year high of 5.61x. Applying the 5.61x multiple to its FY25E EBITDA results in a price/share of $27.2, which is 9% higher than the current stock price.

Chart 33: Valuation Analysis Based on NTM EV/EBITDA Multiple

FY25E EBITDA ($Mn)	694.1
EV/EBITDA Multiple (x)	5.6
EV ($ Mn)	3,893.9
+ Cash ($Mn)	81.3
- Debt ($Mn)	467.7
- Minority Interest ($Mn)	20.5
Equity Valuation ($Mn)	3,487.1
Shares Outstanding (Mn)	128.3
Price/share ($)	**27.2**
Current Price ($)	24.97
Upside Potential	***9%***

Source: Exec Edge Research, TIKR. Data as of 5/9 close.

- **Peer analysis (relative valuation).** ARLP trades at an NTM P/E multiple of 9.5x, which is a discount to coal industry average of 10.2x despite its strong balance sheet, high free cash flow conversion, and a stable distribution yield. The company's EV/Sales and EV/EBITDA multiples are a premium to coal industry average; however, we believe that this premium is justified given the company's superior contract coverage (96% committed volume for 2025), diversified cash flow streams, and disciplined capital allocation—which together support premium quality and earnings visibility.
  - ARLP's growing royalty platform and strategic investments in digital infrastructure and mineral assets align more closely with oil & gas business models. However, the company is trading at a discount to Oil & Gas peers. ARLP's NTM P/E multiple of 9.5x reflects a ~50% discount to oil & gas peers. It is also trading at a discount to oil and gas peers on EV/Sales and EV/EBITDA metrics.
  - Overall, the valuation discount suggests the market is not fully pricing in the optionality embedded in ARLP's business—particularly its exposure to growing electricity demand, royalty assets, and policy tailwinds.

Chart 34: Trading Comps – ARLP vs. Peers

Ticker	Coal Companies	Market Cap ($Mn)	EV ($Mn)	EV/NTM Sales (x)	EV/NTM EBITDA (x)	P/NTM E (x)
ARLP	**Alliance Resource Partners, L.P.**	**3,206**	**3,628**	**1.6**	**5.2**	**9.5**
BTU	Peabody Energy Corp	1,737	1,490	0.4	2.6	10.2
CNR	Core Natural Resources	3,540	3,518	0.8	4.7	6.4
AMR	Alpha Metallurgical Resources Inc	1,480	1,037	0.4	2.6	7.2
SXC	Suncoke Energy Inc.	722	1,053	0.7	4.8	14.5
HCC	Warrior Met Coal Inc.	2,382	2,066	1.5	6.4	13.4
	Average	**2,178**	**2,132**	**0.9**	**4.4**	**10.2**
	ARLP's Multiple vs. Peer Average			*76%*	*18%*	*-7%*

Ticker	Oil and Gas Companies	Market Cap ($Mn)	EV ($Mn)	EV/NTM Sales (x)	EV/NTM EBITDA (x)	P/NTM E (x)
ARLP	**Alliance Resource Partners, L.P.**	**3,206**	**3,628**	**1.6**	**5.2**	**9.5**
BSM	Black Stone Minerals LP	2,901	3,226	6.6	8.8	9.9
VNOM	Viper Energy Partners LP	5,318	8,229	6.3	6.6	26.1
KRP	Kimbell Royalty Partners LP	1,235	1,912	5.9	7.4	28.7
	Average	**3,165**	**4,249**	**5.1**	**7.0**	**18.5**
	ARLP's Multiple vs. Peer Average			*-69%*	*-26%*	*-49%*

Source: Exec Edge Research, TIKR. Data as of 5/9 close.

Technical Analysis

Selling Pressure Likely in Near Term

- **Technical analysis suggests that ARLP could experience selling pressure in the near term**. Over the last six months, the ARLP stock has traded within a well-defined $25–$29 range. Positive momentum had started building since early March, pushing the stock above $28 by late April. However, that momentum has since faded, and the stock is now correcting, currently trading just below the lower end of its trading range. The $25 level, which has acted as a strong support, was breached on 5/9 and could exert additional downward pressure on the stock. The Relative Strength Index (RSI) has dipped below 50 on both the daily and weekly charts. Similarly, the daily Money Flow Index (MFI) has turned bearish, falling below 50. In addition, the stock is below its 50-day moving average and only slightly above its 200-day moving average. As a result, ARLP is likely to remain under selling pressure in the near term.

Chart 35: ARLP – Stock Price and Technical Indicators

Source: Exec Edge Research, BarChart.com. Data as of 5/8 close.

Ownership

Top 25 Institutional Holders

Chart 36: ARLP – Top 25 Owners

Owner Name	Date	Shares Held	Change (Shares)	Change (%)	Value (In 1,000s)
Magnolia Group, Llc	3/31/2025	3,268,350	-166,521	-4.85%	$81,611
Progeny 3, Inc.	12/31/2024	2,942,211	38,030	1.31%	$73,467
Jackson Hole Capital Partners, Llc	3/31/2025	2,098,619	142,071	7.26%	$52,403
Bank Of America Corp /De/	12/31/2024	1,878,623	-323,454	-14.69%	$46,909
Jpmorgan Chase & Co	12/31/2024	1,815,453	44,636	2.52%	$46,909
Atlanta Consulting Group Advisors, Llc	12/31/2024	1,159,740	-6,000	-0.52%	$28,959
Recurrent Investment Advisors Llc	12/31/2024	1,151,070	5,925	0.52%	$28,742
Morgan Stanley	12/31/2024	1,016,625	-195,294	-16.11%	$25,385
Fmr Llc	12/31/2024	673,590	439,399	187.62%	$16,820
Raymond James Financial Inc	12/31/2024	553,970	553,970	New	$13,833
Huntleigh Advisors, Inc.	3/31/2025	539,751	539,751	New	$13,478
Invesco Ltd.	12/31/2024	423,482	-17,153	-3.89%	$10,574
Raymond James Financial Services Advisors, Inc.	9/30/2024	364,463	1,986	0.55%	$9,101
Vista Investment Partners Llc	3/31/2025	363,672	16041	4.61%	$9,081
Goldman Sachs Group Inc	3/31/2025	344,541	-276,328	-44.51%	$8,603
Adams Asset Advisors, Llc	3/31/2025	330,067	0	0%	$8,242
Fairbanks Capital Management, Inc.	12/31/2024	301,803	-877	-0.29%	$7,536
Mirae Asset Global Etfs Holdings Ltd.	12/31/2024	284,228	13,316	4.92%	$7,097
Bienville Capital Management, Llc	12/31/2024	269,852	-6,941	-2.51%	$6,738
Full Sail Capital, Llc	12/31/2024	252,193	0	0%	$6,297
Cushing Asset Management, Lp Dba Nxg Investment Management	3/31/2025	250,000	70,000	38.89%	$6,243
Mgo One Seven Llc	3/31/2025	228,014	228,014	New	$5,694
First Trust Advisors Lp	12/31/2024	217,579	-36,561	-14.39%	$5,433
Prescott Group Capital Management, L.L.C.	3/31/2025	213,200	0	0%	$5,324
Keybank National Association/Oh	12/31/2024	200,000	0	0%	$4,994

Source: Exec Edge Research, NASDAQ. Data as of 5/9 close.

Risks

- **Global economic volatility** presents systemic risks to demand, capital access, and customer solvency for ARLP's operations. ARLP remains exposed to macroeconomic risk factors that could materially affect its operating performance and financial outlook. As a supplier of thermal coal and mineral royalties, ARLP's business is intrinsically linked to demand from U.S. and global utility markets, industrial activity, and broader capital investment cycles. A sustained economic downturn—whether domestic or global—could reduce electricity consumption, particularly in industrial and commercial segments, leading to lower coal burn by utilities and, in turn, reduced offtake under ARLP's contracts. In parallel, tightening credit conditions or weakened customer balance sheets could impair counterparties' ability to meet payment or volume obligations, even on long-term contracts. Additionally, the development of ARLP's owned reserves, or reinvestment into its royalty and infrastructure platform, depends in part on its continued ability to access capital markets at attractive rates. Prolonged uncertainty in financial markets could constrain liquidity, increase borrowing costs, or delay growth investments. While ARLP has historically maintained a strong balance sheet and distribution coverage, the interdependence of energy demand, customer solvency, and market funding conditions presents a risk that is difficult to fully mitigate through operational controls alone. These macro risks reinforce the need for ongoing balance sheet conservatism and commercial discipline.
- **Intensifying ESG scrutiny** poses reputational, operational, and capital access risks for ARLP as a fossil fuel-focused enterprise. ARLP operates in a sector that is increasingly under pressure from institutional investors, lenders, and advocacy groups prioritizing environmental, social, and governance (ESG) performance. As ESG considerations grow in influence over investment and lending decisions, companies tied to fossil fuel extraction—especially coal—face heightened scrutiny regardless of compliance with legal or regulatory standards. ESG-linked pressures include campaigns for fossil fuel divestment, public calls for decarbonization, shareholder activism, and exclusionary investment screening. For ARLP, this could lead to rising capital costs, fewer available financing sources, and constraints in insurance or business partnerships. Additionally, many institutional investors now rely on ESG scoring frameworks when benchmarking peers, and fossil-fuel businesses typically lag in such evaluations. ARLP, currently rated in the "Severe Risk" category by Sustainalytics, risks being screened out of ESG-sensitive portfolios, potentially limiting equity and debt investor participation. Moreover, negative ESG perceptions could impair ARLP's employer brand, reducing its ability to attract and retain skilled talent. While ARLP has taken steps to diversify into oil & gas royalties and infrastructure investments, the dominant coal profile exposes it to ongoing ESG headwinds. These risks are structural and may persist regardless of commodity price cycles, underscoring the importance of strategic engagement with ESG stakeholders and transparent disclosure practices.
- **Customer concentration**: ARLP's reliance on a concentrated customer base heightens revenue risk tied to contract loss or renegotiation. In 2024, over 30% of ARLP's total revenues were derived from just three customers: American Electric Power, Louisville Gas and Electric, and the Tennessee Valley Authority. This concentration exposes the company to material downside risk if any of these counterparties were to reduce contracted volumes, demand price concessions, or terminate supply agreements. Given the limited pool of large-scale utility buyers, replacing lost volumes on similar terms could prove challenging. As a result, changes in buying behavior or financial health of key customers could adversely impact ARLP's revenue stability and long-term operating visibility.
- **Competition**: Intense domestic and international competition could pressure ARLP's pricing power and customer retention. ARLP operates in a highly competitive coal market, where both domestic and international producers vie for limited demand. Key competitive factors include delivered price, coal quality, contract flexibility, and reliability of supply. While ARLP benefits from strong infrastructure and customer relationships, it competes against peers with potentially lower production costs or larger resource bases. In the export market, fluctuations in foreign currencies can further erode ARLP's competitiveness, as overseas producers with weaker local currencies may offer coal at lower U.S. dollar-equivalent prices. Additionally, changes in international trade policy or subsidies abroad could benefit foreign producers. Industry consolidation and competitor bankruptcies may also reshape market dynamics, potentially intensifying competition. These pressures could lead to lost contracts, reduced volumes, or lower pricing, which would adversely impact ARLP's revenue and distributions. As market conditions evolve, maintaining operational efficiency and contract security will be critical to defend ARLP's market position.

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